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AMERICAN BARRISTERS

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TOPICS OF THE MONTH.

THE SPRING MEETING

AT the Spring meeting of the Executive Council at Old Point Comfort more than a score of reports from the officers, sections and committees were heard. The reports covered a wide range of activities and plans were outlined which show that there will be no diminution in the services rendered the members of the American Bankers Association or in the influence exerted by the organization.

The Secretary's report showed that the Association now has 14,753 members in good standing. While there is great divergence of opinion and variation in views within the organization, the similarity of business activities and the uniform position in relation to business give the American Bankers Association a cohesiveness which is probably not found in any other organization.

The influence of the organization is no longer to be measured by the number of members. What limits the membership may attain cannot be foretold. It now includes over one-half the banks in the country. As the organization is built on service to its members there is some

substance in its appeal for a larger membership

The business of the Association was handled by the Executive Council with precision and celerity. Information was ready for those who sought it. There was no waste of words and decisions were reached without delay. This was due to the effective work of the officers and of the committees.

The reports of the Administrative Committee and the Officers showed that the Association was in a flourishing condition and that there is continuous enlargement of its field of activities and development of the service it renders. The accounting of the officers was received with approval. Particular interest attached to the report of the General Counsel not only in regard to the legal service rendered, but in that division of the work which shows that the American Bankers Association is working intelligently and industriously towards uniformity in the business laws of the States. The office of the General Counsel is the clearing house for information in regard to legislation affecting banking and business and a sort of repository in regard to these things.

The work of the Protective Department was much discussed and the Burns Agency was given an earnest indorsement after a specific showing of facts and figures and a recital of the early history and development of the protective work.

The development of the Library and the increased service it is rendering was a matter of surprise to many members of the Council. In view of the progress that is being made in the accumulation, tabulation, and cataloguing of all sorts of information in regard to banks and banking, assurance is given that before long the Library will contain the most representative collection of literature on banking.

The reports of the five Sections of the Association showed a continuation of specialized activities. The Trust Company Section has given particular attention to the provision of the Reserve Act which permits conferring trust company powers on National banks. No Section is more active than that devoted to the development of thrift through Savings Bank efforts and the Clearing House Section has been working assiduously on the intricate problem created by the provision empowering the reserve banks to clear checks. The report from the Institute attested the continuation of the educational work and there was assurance from the State Secretaries' Section that there is constant and earnest co-operation from the State Organizations in the general work of the American Bankers Association.

The reports of the committees left no room for doubt that those commissioned to discharge special duties had been working continuously and intelligently. From the Agricultural Commission came a report that both the banks and the public were responding to its efforts and the circulation of the "Banker Farmer" is now 30,000 copies. The Committees on Federal Legislation, Finance, Law and Insurance have all been active and the Protective Committee has discharged its duties faithfully. The Currency Commission was continued, although for the time being there is little to engage its attention. The work of the Committee of Twelve appointed at Richmond to confer with the Federal Reserve Board in regard to the admission of State banks

into the Reserve system has been stayed by the contemplated suit to test the constitutionality of section 11, paragraph K of the Reserve Act, which authorized the Reserve Board to confer trust company powers on National banks.

The committee on the JOURNAL-BULLETIN, appointed at Richmond, presented two reports, but there was unanimous agreement that the standard of the JOURNAL-BULLETIN should be raised to the end that its usefulness may be increased. There was much discussion of these reports and the Administrative Committee was authorized to see that the Committee's suggestions in this direction were carried out.

The meeting was one of the most successful in the history of the organization not only in regard to the harmony of opinion, but also in regard to the amount of business transacted. The spirit of co-operation, loyalty to the organization, and confidence in its ability to render service were never more thoroughly in evidence than at this meeting. Every member should read the report of the General Secretary in which the story of the work of the Association is told in detail.

ORDERS FOR WAR MUNITIONS

There is much discussion of ways and means of increasing the sales of American commodities abroad. Trade opportunities are apparent on every side. Efforts to secure the trade of South America are taking definite form, while Russia seems to be the latest field for commercial development.

Orders for war materials placed in this country by the belligerent powers seem, however, the most tangible form of activity. It is noted in some of these orders that they are to be filled without regard to the duration of the war. The placing of these orders has caused marked advances in the stock of various industrial concerns. There is no doubt about the value of this form of business. It gives employment to labor; it makes idle plants active and promises a return to a dividend basis of many stock securities, but it is not a form of profit that is at all desirable in comparison with the gains of peace. To secure the latter is a matter that involves preparation, study and persistence.

ALL-AMERICAN CONFERENCE

The most important effort to secure mutual commercial understanding and to expand trade relations will begin in Washington May 24. Delegates from several of the South and Central American States arrived in this country before May 1. Almost concurrently there appeared in numerous publications articles telling of the dislike in which we are held by the people of the Latin-American countries. These stories are not new, but they seem to make it reasonably clear that the shutting off of their supplies from Europe and the prospect that they will have to buy from the United States has not changed their regard for us.

The program for the conference in Washington has not at this writing been made public. As originally conceived, the conference was to give particular attention to the financial relations of American countries to each other. Secretary of the Treasury McAdoo is the official who was authorized by Congress to manage the conference. His recent statements indicate that its scope has been broadened and the matters of transportation and communication between the United States and Central and South America may be discussed. It is impossible to predict what the outcome of the conference may be, but it is probably the only available means of establishing relations when commercial trading has not developed to a point of consequence. The Chicago Association of Commerce has long sought to develop trade with South America. It has carried its campaign much beyond the conversational point. It has sent large delegations to South America, and it has an office and capable representatives in Buenos Ayres. In the face of this effort there must be realization that the task before our business men in South America is not an easy one. Trade development is not a matter which follows the enactment of statutes or the adoption of resolutions. The establishment of banking facilities does not create business. Business creates the demand for banks. It is true, of course, that capital may provide facilities as an encouragement to trade and await its reward. This is probably what the National City Bank has done in establishing branches in South

America, although there is possibly enough trade now to insure it against special loss. But it is not likely that capital will venture into the field of banking in South America until commerce demands facilities not now available.

A most interesting feature of the conference will be the manner in which the men of practical affairs will approach the problems which have heretofore been discussed largely by enthusiastic statesmen and diplomats.

THE WORLD'S FINANCIAL CENTER

The trade balance in favor of the United States and against the countries of Europe has mounted to a sum of such significance that the statisticians are able to make it mean almost anything. Compared with the returns from the Payne-Aldrich law a similar time after its passage, it means one thing, and compared with something else it means another. As a matter of fact there is nothing with which any statistics resultant from commercial activities since the war began can be compared. The excessive balance of trade is due perhaps as much to a decrease in imports as to an increase in exports, while the commodities exported and imported have been so changed that the influence on business has not yet been fully determined.

It must, of course, be agreed that the continuation of this process, whereby a great foreign balance is piled up in favor of this country and the exchanges are continually readjusted by the return to us of either our own securities or new issues of foreign securities, will put the world in our debt. In this event we will, without doubt, become the money center of the world.

For many years imports into England have exceeded in value the exports so far as statistics could tell the tale. The balance, however, has not been against England in all these years. The "invisible import" item has turned the balance in favor of England. The "invisible import" is made up of the returns in interest and dividend on England's investment of billions in foreign countries.

It is being pointed out with increasing frequency that the United States will not displace England as the world's banker until our invest-

ments have grown to something like equal proportions. Since the war began we have loaned probably \$200,000,000 in foreign countries, including Canada. Slack business at home, coupled with reduced requirements for bank reserves, has resulted in cash accumulations which seek investment. In ordinary times the domestic demand would have consumed this production of capital. As it is, this country has been working steadily, and almost despite itself, toward a position of financial pre-eminence. Whether it will attain the distinction of supplanting England as the world's great banking power must depend therefore on the duration of time in which there will be no competition. If the war lasts long enough no country will have any wealth of consequence except the United States. If the war were to end, as is often predicted, before the end of the year, England would resume her position of financial domination immediately.

RURAL CREDITS IN FACT

State Legislatures have this winter greatly increased the rural credits systems. In nearly every State the subject has received attention, and in some of them the acts have been in force for a long enough period to permit a conclusion as to the form of such legislation and the necessity for it that is based on facts and experience and not on theory or political desire.

Even cursory study of the situation will disclose that the States are perfectly able to handle the question. Certainly their opportunities for observation of the workings of a system, for correcting errors that may be made and for expanding or contracting the scheme of loaning according to the teachings of experience are superior to those of the Federal Government. In any event, a farm mortgage law of general application will be of doubtful necessity until it has been conclusively proved that the States cannot cope with the situation. The one argument in favor of a National land bank of semi-public character is that the institutions authorized by the States will not, for many years at least, have the standing that will inspire public confidence, and so insure a ready sale of de-

bentures. However, it will probably be better to wait a positive demonstration of the inefficiency of the institutions the States may charter.

AS TO ELASTIC CURRENCY

Before the Southern Commercial Congress at Muskogee, Okla., Governor Hamlin of the Federal Reserve Board spoke of the Reserve Act in terms indicating that it is already a perfect measure. If Governor Hamlin was correctly quoted his remarks were to some extent misleading. There is no question of the splendid operation of the Act in some respects, but it is unfortunately far from a perfect measure. It is being developed by slow degrees, and its good qualities as well as its defects are coming to be more clearly understood. There is no chance to disagree with Governor Hamlin when he says that this Act makes another panic like that of 1907 impossible, but exception will be taken when he says that "we have a real elastic, a real local liquid currency." He was quoted further as saying that "the Federal Reserve Board is empowered at such times to put out enormous sums."

There is no doubt about the power of the Federal Reserve Board to put out enormous sums, but this Act in itself does not make an elastic currency despite the provision to draw back any amount put out. Such action provides elasticity in the currency only as to Federal Reserve note issues. The redemption of the National currency will provide a further measure of elasticity, but the fixed elements in our currency, that is, the greenbacks and the silver certificates, would still be inelastic. Under the old system gold was the only elastic element, but under present conditions when the flow of gold is steady toward this country even gold increases the tendency for expansion.

It is important that the public generally be brought to understand that the Reserve Act in its present state of application is only working toward a desired end.

So far as the Federal Reserve Board itself is concerned no exception is to be taken to the conduct of the system. It is unfortunately true, however, that the Federal Reserve Board is not the only factor in the development of the law.

If it is true that the Reserve system will not be approximately perfect until at least a majority of the State banks have become members the time of the attainment of that state seems to be growing more and more remote. So far the State banks see in the privilege of rediscount and the advantage which may attach to the clearing of checks, no gains to compensate them for the surrender of advantages they now have. The Federal Reserve Board in its effort to make the system inviting to the State banks is working under a handicap. It is not extravagant to say that the State banks have no particularly friendly feeling for the new system. This is evidenced by the discussion of plans for independent clearing systems, and the discussion of the provisions of State laws as to acceptances. The Federal Reserve Board may, and probably will, overcome the objections, but it must be admitted that they are confronted by serious difficulties.

RESERVE DISTRICT BOUNDARIES

By unanimous vote on May 4th, the Federal Reserve Board changed the boundaries of the New York and Philadelphia reserve districts so that the banks of New Jersey north of Trenton will be in the New York district. This decision was reached after due consideration of the case presented by the New Jersey banks. New York took no part in the proceedings and Philadelphia was interested only to request that, if the change was made, it be given other territory in order that the capital stock of its reserve bank might not be seriously impaired. It was found that the change which transfers less than 100 banks to the New York district, does not make a serious difference in the capital stock of either reserve bank affected.

The claim of the New Jersey banks to include them within the New York district was based on that provision of the Federal Reserve Act which says that, in making the districts, regard shall be given to the convenience and customary course of business. The decision of the Organization Committee which placed the New Jersey banks in the Philadelphia district was instantly challenged as a contravention of the provision mentioned. It was alleged that the purpose of the Committee was to restrict the New York

district to the end that it might not have the pre-eminent position which its banking capital and power would naturally give it. The decision of the Federal Reserve Board changing the boundaries will do much to restore confidence. In the announcement of the decision particular stress was laid on the fact that it was unanimous.

The Federal Reserve Board also changed the boundary between the Dallas and Kansas City district so as to give part of Oklahoma to the latter, and two counties of West Virginia were transferred to the Cleveland Reserve District.

No decision was reached in regard to the application of Baltimore and New Orleans which wished to supplant Richmond and Atlanta as Federal Reserve cities. Baltimore and New Orleans have been given much sympathy, both are financially and commercially greater centres than the cities chosen. The selection of Richmond was elaborately defended on the ground that it is the geographical center of its district and therefore more accessible than Baltimore. This argument is of value only if the boundaries of the district are considered perfectly correct.

The solution of the controversy which resulted from the making of the fifth district with Richmond as the site of the Federal Reserve Bank may come with the placing of a branch bank in Baltimore. The same solution may be reached in regard to the New Orleans-Atlanta controversy. Branch banks, however, will differ little in personnel and equipment from the reserve banks of which there already seems to be as many as are needed. The rivalries and hostilities which resulted from this action of the Organization Committee will be mellowed by time, but it is another difficulty which the Reserve Board must meet.

OTHER IMPERFECTIONS

In every plan for the reclamation of the old banking system there was recognition of the fundamental importance of taking the country's reserve funds out of Wall Street. Another matter of all but equal importance was the abolishment of the independent treasury system. The purpose in the first instance was to break the bonds which connected commercial banking with

investment securities; the money of business was to be left for the use of business. The purpose in the second instance was the same. It was deemed desirable that the revenue collections of the Government should be treated in the same manner as the collections of any great corporation. The independent treasury system has been a disturber and a nuisance since it was established. The only method by which the general funds of the Government can now be made available for business purposes is by its deposit in the bank at the instance of the Secretary of the Treasury. The power to deposit and withdraw Government funds was taken away from the Secretary of the Treasury in the bill as it passed the House. In

that measure the Secretary was given no discretion. The reserve banks were made the depositories and the principal agents in the Act as it was finally passed. It was discretionary with the Secretary of the Treasury whether the Government funds be so deposited or not and the reserve banks will act as fiscal agents of the Government only by his direction.

The new banking system may never reach the full measure of protection. The world has no perfect banking system. But there is no system in which an individual is clothed with power to inflate or deplete the currency supply by a hundred million dollars or more without warning or without explanation.

WILLIAM WALTER WAINE.

William Walter Waine died in New York City on Saturday, April 17, 1915, aged 58 years, and his remains were interred in the family plot in Elmwood Cemetery in his home city of Detroit, Mich., on April 21st.

His death was brought about by a general complication of diseases. Mr. Waine had been confined to his home for the past five months.

Born in Cardiff, England, and educated in Great Britain, he was called to South Africa early in life, where he spent some time. After returning to England he went to Detroit, Mich., in 1885, and first held position as clerk in the Michigan Republican Club, of which organization the undersigned was the Secretary. This position Mr. Waine filled for some 10 years.

During his residence in Detroit he was Assistant City Assessor when I was one of the Assessors of Detroit, and filled a position under me as Assistant Secretary of the Michigan Bankers Association, as well as of the Bankers Club of Detroit. For a period he was also connected with the United States Internal Revenue offices at Detroit.

In the Fall of 1907 Mr. Waine moved with his family to New York City and was appointed Manager of the Contract and Publishing Department, also of the

Purchasing Department, and when the JOURNAL-BULLETIN of the Association was established he was made Assistant Editor. These various positions he held until the time of his death. He was for three years the Secretary of the Michigan Society of New York and was obliged to resign when illness prevented his further attention.

Mr. Waine was of a genial and sunny disposition, always courteous, and in addition to the large circle of friends in the State of Michigan he had many friends throughout the banking profession in the United States.

His early training qualified him particularly for the important positions he held, and every detail of his work was performed with a knowledge of method and system that made him a valuable attache of the American Bankers Association.

After 30 years of intimate association with Mr. Waine in his various capacities, and with a full knowledge of his character and ability, he was more than an office associate to me, for we were bound together by the closest ties of friendship, the severing of which I feel as a distinct and serious loss which is only assuaged by the many pleasant memories of the past.

FREDERICK E. FARNSWORTH.

REGIONAL BANKS JOIN THE ASSOCIATION.

The twelve Regional Banks of the Federal Reserve System have joined the American Bankers Association, the Federal Reserve Board having given consideration to the suggestion that the Regional Banks join, but making it conditional that the Regional Banks shall not be bound by any specific policy of the Association and that their officers shall not be officially connected with

the American Bankers Association in any way.

An amendment to the Constitution and By-Laws was introduced to the Executive Council at the Spring meeting, which will harmonize the conditions imposed by the Federal Reserve Board, in compliance with their wishes. This amendment will, of necessity, have to be referred to the next convention of the Association for ratification.

The Suit of the Riggs Bank Will Bring a Definition of the Powers of the Comptroller

There is General Agreement That This Definition Is of Great Importance—Personal Differences Between the Comptroller and the Riggs Officers Have no Bearing on the Merits of the Case—Views of the Framers of the Federal Reserve Act on the Functions of the Secretary of the Treasury and the Comptroller of the Currency.

On April 12th the Riggs National Bank of Washington, D. C., secured from the Supreme Court of the District of Columbia a temporary injunction restraining the Comptroller of the Currency from withholding \$5,000 interest on Government bonds owned by the Riggs bank. The \$5,000 had been assessed against the bank as a fine for failure to supply information asked for by the Comptroller, within the time fixed by the latter.

The suit came as the culmination of a long series of differences between the Secretary of the Treasury and the Comptroller on one side and the officers and directors of the bank on the other. The statement of the bank and the sworn letter which it addressed to the Comptroller are as follows:

THE BANK'S STATEMENT.

The Riggs National Bank has been compelled to resort to the courts for relief from the arbitrary, unwarranted, and unlawful exercise of official authority by John Skelton Williams, Comptroller of the Currency.

It goes without saying that no bank ever seeks a controversy with the authorities lawfully constituted to have supervision over it, or can afford to have such a controversy over any proper exercise of official authority. But when an official abuses the functions of a great office, exceeds its lawful powers, and uses the authority and opportunities of the position in a persistent and evidently determined attempt to injure an institution committed to his care, to drive business from it, to burden it with useless and irrelevant demands and unnecessary expense, to impose unjust and oppressive fines, to force competent and trusted officers from the positions in which they have faithfully served the institution, there is an obligation, not only on behalf of the individuals who are personally assailed and the stockholders whose property rights are threatened, but on behalf of the public, which requires that resistance shall be made and that such abuse of official powers shall be exposed.

This Bank has never questioned the right of the Comptroller of the Currency to make thorough inquiry into its condition, to have complete knowledge of all facts that have bearing upon its condition, and to exercise at all times the authority which the law placed with him for the regulation of the banking business and the protection of the public. The Bank has not been in the position of refusing to do anything that the Comptroller said ought to be with regard to its assets or its books. It has not been refusing to charge off from its list of

assets any particular items alleged to be doubtful, for the Comptroller has given no such directions, although he has had the Bank under almost constant scrutiny for nearly a year. Nor has the Bank disobeyed any instructions from him to change any of its methods of doing business, for he has given no such instructions.

The break between the Bank and the Comptroller of the Currency is not over the condition of the Bank, or any matter affecting its assets or obligations. The solvency of the institution is beyond all questions. Its capital of \$1,000,000 is backed by a surplus of \$2,000,000 and both capital and surplus are absolutely unimpaired. Its deposits, notwithstanding the fact that the Comptroller's unrelenting war on it is well known in this community, are greater, the Government deposits excepted, than they were when that attack upon it was inaugurated. Its position is so strong, in reason and justice as well as in cash and sound assets, that it dares to come out in the open and challenge the Comptroller to submit the legal questions between them to the courts and the broad questions of policy and of ethics to the judgment of the public.

The Comptroller has had the Riggs National Bank constantly under his attention during the past year. Two exhaustive examinations have been made in which the records of the Bank from its organization in 1896 down to this time have been ransacked throughout. Much data was taken away to be studied and made the basis of letters calling for a vast amount of explanation and statements in detail, of several special visits by Examiners, and of practically continuous correspondence throughout the year. It was early apparent from the Comptroller's letters, which were so intemperate and charged with virulence as to be wholly out of keeping with the proprieties of official communications, that the purpose of the investigation was not to develop the present condition of the Bank, or to strengthen the institution, or protect the interests of its stockholders or patrons, but to find something in its history that could be seized upon for the injury of the institution or as an excuse for action against its officers. The attorney for the Bank sent word through the Examiner-in-charge that if the Comptroller would indicate any single practice pursued by the Bank that he desired to have discontinued his directions would be followed if the practice in question was considered of even doubtful propriety. No response ever came. The Board of Directors, mystified by his conduct, so unlike that of any normal official desirous of upholding the interests confided to his care, addressed a letter to him, asking for an explanation of certain vague charges contained in his letters, and saying that so far as their information went the officers had answered his inquiries "fully, freely, and frankly", and seeking in good faith to know what they should do, in their capacity as directors, to improve the methods of the Bank. His reply was that "your artless inquiry is understood and appreciated."

His letters were so expressive of malignant purpose as to discourage any hope of satisfying him, and so offensive in language and insulting in their insinuations as to warrant a refusal to make reply, long before that step was taken. Every letter was required to be sworn to by all of the officers,

the Comptroller declaring that he would not accept the statement of any one of them under oath. The officers were suddenly, and without opportunity to refresh their memories from records, questioned about transactions of years before, and if after examination they found their recollections to have been inaccurate in any particular, and they sought voluntarily to make correction, they were accused of perjury. Every statement that could be distorted in the appearance of being inconsistent with some other statement or fact was forthwith taken as proof of an attempt at deception. Finally, the conclusion was reached by the officers, directors and their attorneys that the situation was hopeless and unbearable, and notice was given that the Bank would stand upon its legal rights.

The entire investigation has developed nothing that the officers of the Riggs National Bank are not glad to submit to the judgment of any dispassionate person who will examine the facts. The Comptroller's fury has finally centered upon two accounts which have stood upon the books of the Bank in the names of "Glover & Flather" and "Flather & Flather," and were finally consolidated in the latter. We desire to make a statement about these accounts.

The Riggs National Bank was organized in 1896, and took over the business of Riggs & Co., a private banking firm which had been in existence since 1836. The latter firm loaned money freely on real estate, which it had a right to do. It not only made such loans for the investment of its own funds, but to supply its customers, and had an important clientele which looked to it for investments. Then as now it was characteristic of Washington banks that an unusual proportion of their deposits, as compared with other cities of its size, were not commercial deposits, but belonged to individuals who were not in active business. These patrons, living upon salaries or other fixed incomes, would allow their deposits to accumulate to a degree, and then convert them into securities, perhaps borrowing upon these securities a part of the purchase price until payment in full could be made from future income.

When Riggs & Co. was converted into a National bank this class of patrons could not be accommodated in the same way as formerly, because a National bank may not make real estate loans. Not that there is anything discreditable or against public policy in the making of real estate loans, but the law does not permit the funds belonging to a National bank to be invested or employed in that way. The Bank, however, was naturally desirous of providing accommodations for this class of customers, so as to retain their bank accounts. At that time there were only six stockholders of the Riggs National Bank, and a firm including five of them, known as "Glover, Hyde, Johnston and Others", was organized to continue handling the investment business. The sixth stockholder preferred not to join the real estate firm. This firm continued the real estate loan business upon its own capital, dividing the earnings among its members.

This situation continued until 1902, about which time there was a considerable distribution of the Bank stock, and to avoid the appearance that officers of the Bank were dividing their attention between the Bank and private business, the firm of Glover, Hyde, Johnston & Others was dissolved. The officers of the Bank, however, still desirous of serving the customers of the Bank who looked to them for investments, continued in their individual capacity to negotiate loans in quantities sufficient to supply this demand, and the commissions (all of which were paid by the borrowers) were carried to the credit of a "Commission Account" on the books of the Bank, and thus became the property of the Bank. This practice was followed until 1906, when a bank examiner suggested that, while there was no actual violation of law, the commission account gave that appearance, and at his sug-

gestion a new account was opened in the name of Flather & Flather.

Brokerage fees earned by Messrs. Glover and Flather through their personal membership on the Washington Stock Exchange were carried into the commission account until the firm of "Glover & Flather" was organized in accordance also with the suggestion of the bank examiner. All of the earnings in both accounts were, however, from time to time transferred to the profit and loss account of the Bank or used for bank purposes.

It will be seen that the officers were transacting on their personal responsibility, and without the use of bank funds, certain business which the Bank was not allowed by law to transact, and were voluntarily giving the fees to the Bank. There was no evasion of the law, however, for the essential feature of the inhibition is that bank funds shall not be employed in such business.

In the course of his dragnet investigations the Comptroller developed these accounts of "Glover & Flather" and "Flather & Flather", and wanted an explanation of them. It was given, as above. Not finding anything else more important to find fault with the Comptroller made his attack here. He seems to have conceived that he could convict these officers of one or the other of two offenses, viz.: of doing business officially that was *ultra vires*, in which case he might be able to forfeit the charter of the Bank, or having in one particular instance passed into the "Glover & Flather" account an item of profit which the Bank itself might have properly earned. This one item consisted of profits made on a transaction in Government bonds, in which case the usual routine was followed and the profits reached the Bank through the account of "Glover & Flather." In other words, he thought he could make it appear either that the Bank was doing business *ultra vires*, or that "Glover & Flather" were diverting legitimate earnings of the Bank to their own pockets.

The complete history of these accounts is before the Comptroller of the Currency. The books have been examined by his representative. He has had an itemized statement showing every check ever drawn on these accounts, and he knows that not one dollar was ever drawn from them for the personal use of Mr. Glover or Mr. Flather, or for any purpose other than for the benefit of the Bank. The profits of the transaction in Government bonds, of which he attempts to make a great deal, were turned into the profit and loss fund of the Bank on April 2, 1908.

On one occasion Mr. Glover supplied the collateral and an employee of the Bank signed the note upon which money was borrowed from the Bank to handle a real estate loan temporarily until it could be transferred to customers. In that transaction, although Mr. Glover supplied the collateral and an employee of the Bank signed the note, neither of them profited personally to the extent of a single dollar. On two other occasions W. J. Flather and H. H. Flather furnished the collateral to secure notes made to the Bank by other parties, the proceeds going to the Messrs. Flather. In all three of these cases the loans were amply secured, and there was no evasion of the provision against excess loans, even if Mr. Glover or the Messrs. Flather were considered the actual borrowers of the money. Nor was there any concealment of the facts from bank examiners, as the collateral showed to whom it belonged. The Comptroller has chosen to call these loans "dummy" or "concealed" loans, although they have neither the element of evasion or of irresponsibility which have given these terms their opprobrious significance. There is not now, nor has there been for some months past, any loan in the Riggs National Bank, to any officer of the Bank or in which any officer was directly or indirectly interested.

The very latest development in the case is a letter from the Comptroller demanding an itemized

description of all the loans in the Bank, with a view to determining, the letter says, how much commercial paper the Bank holds that is eligible for rediscount with the Federal Reserve Bank of this district. He expresses the opinion that this Bank does not carry as much paper of the class eligible for rediscount as it should carry for its volume of deposits. As has already been mentioned in this statement, Washington is not a commercial city, and there is not as much borrowing here for commercial purposes as in other cities of this size, but the Riggs National Bank has its full share of commercial accounts, and we believe has as much high-class commercial paper as other banks in this city. When it was impracticable to obtain commercial paper of the class that the Bank was willing to accept it has made investments in high-class listed bonds which could be readily converted into cash.

The Riggs National Bank has a high appreciation of the facilities afforded by the Federal Reserve System, and is in position to use the system so far as it expects to find occasion to do so. It is a fact, however, that more than one-half of the banks in the United States, including many that are larger than this one, do not belong to the National Banking system or the Federal Reserve system, and consequently are unable to use their facilities at all. It does not necessarily follow, therefore, that because a bank is not in position to use the Federal Reserve system that it is in an unsound condition, and the law has never conferred upon the Comptroller of the Currency authority to require that any particular portion of the assets of a National bank shall be eligible for discount with a Federal Reserve bank. Furthermore we have reason to believe that he is not attempting to use such authority generally, and we object to his attempt to apply such special rule upon this Bank. The ability of this Bank to convert its assets and to pay cash upon demand was sufficiently demonstrated in the Summer and Fall of 1914, when in pursuance to the demands of the United States Government at the instance of the Comptroller of the Currency and Secretary of the Treasury, and for the most part amid the panic and financial disorder occasioned by the outbreak of the European War, it paid off the sum of \$1,200,000 of public deposits.

It is impossible within the limits to which this statement must be confined to give any adequate idea of the burdens and vexations to which this Bank has been subjected during the past year by the Comptroller. His peremptory demands for statements of various kinds, all made under a time limit and with threats that fines would be imposed for delay, have necessitated the constant employment of an extra clerical force. The Bank has been discriminated against and embarrassed in its relations with its patrons by its treatment in the transaction of routine business at the Comptroller's office. It has been for years and is now the representative of a large number of National banks located in different parts of the country in their relations with the Comptroller's office. Other banks in this city perform similar services for out-of-town banks, and so, also, do private firms. During the past year when the Riggs National Bank has attempted to perform customary services of this character it has been met at the Comptroller's office with the statement that the banks interested should communicate with that office direct.

Following the prudent policy pursued by many other National banks early in August, 1914, the Riggs National Bank made inquiry at the Comptroller's office to learn how much currency printed from its plates was available for immediate use, in case it should desire to take out an additional amount under the provisions of the Aldrich-Vreeland Act. This inquiry precipitated a series of letters, offensive in tone and character, demanding information and statements of various kinds, although he knew that if this bank concluded to

make application for currency under the Aldrich-Vreeland Act, upon any security other than public bonds, such application would be made through the National Currency Association of Washington, D. C., and the collateral offered would be passed upon and accepted by that association, which would then have guaranteed the application to the Comptroller.

It should be remembered that at the very time that the Comptroller was thus questioning this bank's ability to take out emergency currency, he was using his influence, notwithstanding the disturbed conditions of the time and the danger of a general panic, to have public funds, amounting in the aggregate to a very large sum, peremptorily withdrawn from this bank.

There could be no more conclusive proof of the animus that has inspired his entire course than is afforded by these actions, and in view of them the reader will be able to judge how much sincerity there is in his professed anxiety to protect the stockholders of this bank from its officers.

The outcome of this year of continuous assaults upon the bank has been that on the 30th day of March, 1915, the Comptroller formally assessed a continuing fine of \$100 per day against the bank and directed the Treasurer of the United States to withhold the interest due on April 1st upon the Government bonds of which the bank is the owner. The Riggs National Bank has responded by a petition for an injunction to restrain him from unlawfully interfering with the bank.

The explanation of the course followed by him and by the Secretary of the Treasury is believed to be correctly given in the banks letter to the Comptroller, dated March 9, 1915, in which he was notified of the final determination of the bank to resist his unlawful demands.

CHAS. C. GLOVER, President,
M. E. AILES, Vice-President,
WM. J. FLATHER, Vice-President,
HENRY H. FLATHER, Cashier.

LETTER TO THE COMPTROLLER

March 9, 1915,

Comptroller of the Currency,
Washington, D. C.

Sir:

Your letter of February 26th was duly received; but we have deferred our answer, because one of the officers whose signature it required was then out of the city.

During the past nine months you have written more than forty letters to this bank, and in almost every one of them you have insulted its officers with some direct imputation against their veracity, or with some insinuation against their integrity. Many of your questions were such as, under the law, you had no right to ask, and such, therefore, as we could have properly refused to answer; but we answered them in the expectation that when you were fully advised about the affairs of this bank and the conduct of its officers, your sense of official obligation would prevail over your personal feeling, and restrain you from abusing the power of your great office to gratify your personal resentment. Your last letter, however, makes it manifest that our forbearance has only invited your more persistent attacks, and we feel that we owe it to ourselves as well as to our stockholders to recall to your mind the events which convince us that your course is due to your personal hostility towards the officers of this bank.

On December 3, 1913, the New York Tribune published an article severely criticizing you with respect to a certain transaction conducted by you as Assistant Secretary of the Treasury, and when another article of similar import appeared in the same paper on the following day, Mr. C. C. Glover, the President of this bank, received a request to call at the office of the Secretary of the Treasury. Mr. Glover promptly complied with that request, though he had not the remotest idea of why it was

made; and he had hardly more than entered the Secretary's office when he was charged, in the most offensive manner, with having inspired those publications. Mr. Glover emphatically denied that charge, and the Secretary then declared that if, he (Glover) was not himself responsible for those articles, they were instigated by some of his associates in this bank. Mr. Glover demanded to know who of his associates were supposed to be responsible, and the Secretary named the Vice-Presidents, Mr. Flather and Mr. Ailes. Thereupon, Mr. Glover replied that before accusing those gentlemen the Secretary of the Treasury should send for them and hear what they had to say about the matter.

Accordingly, Messrs. Ailes and Flather were summoned to the Treasury Department, and there in your presence and the presence of Mr. Elliott the Secretary proceeded to question them about the newspaper articles. He first questioned Mr. Flather, who declared that he had not been connected with the articles in any way, and had not known anything of them until his attention was called to them. The Secretary then turned to Mr. Ailes and charged him with having instigated the articles. Mr. Ailes asserted, distinctly and unequivocally, that he was in no way responsible for them, but the Secretary grew increasingly violent in his denunciation, and finally exclaimed, with an oath, that he would order Mr. Ailes out of his office, and turning to Mr. Glover, said: "Mr. Glover, you know what this means to the Riggs National Bank." But notwithstanding the plain threat implied in this last expression, and notwithstanding the gross impropriety of a public official calling private citizens into his office to examine and denounce them about a newspaper criticism, we could not believe that a Secretary of the Treasury, or an Assistant Secretary of the Treasury, would abuse the power of his great office in order to avenge himself for what he supposed to be a political offense against him, and we had a right to expect that the disagreeable incident was closed when we left the Secretary's office. But that we were not to realize this just and reasonable expectation was soon made apparent by the following circumstances.

For many years it has been a habit with the Washington public to pay its annual taxes during the last month in the year for which taxes are payable, and the inevitable result of that was to create a stringency in the local money market at that time. In order to obviate that difficulty, the Treasury Department has made it a rule for the last eight or ten years to deposit in the banks of this city, about the usual tax-paying time, a sum equal to the amount which is then withdrawn for the purpose of paying taxes, and the sum so deposited has been distributed among the banks in proportion to their individual deposits, the theory being that the withdrawals for tax-paying purposes would be approximately in the same proportion. But when the deposit was made last year, the Riggs National Bank was excluded from all participation in the fund. The fact that the usual deposit was made with every National bank in Washington, except this, was a discrimination for which no reasonable excuse could be given; and that discrimination becomes the more apparent and the more unjust when it is remembered that about one-fifth of the taxes of the District of Columbia are paid by our depositors, and that the money with which those taxes are paid is drawn out of this bank.

When we found that our bank had thus been discriminated against, we addressed, under date of May 6, 1914, a polite note to the Secretary of the Treasury asking his reasons for the discrimination. Under date of June 11th, the Secretary of the Treasury made a rather curt answer to our letter addressed to him more than thirty days before, and in addition to what we think were his wholly insufficient reasons for refusing to deposit any part of the tax money with this bank, and as if to emphasize his unreasonable hostility, he told us that he intended "to with-

draw all Government funds from the Riggs National Bank."

In pursuance of this open declaration of war on this bank, the withdrawal of public funds from it was systematically inaugurated, and in a very short time more than \$1,200,000 were withdrawn. Such a withdrawal would embarrass a strong bank in an ordinary time, and under the financial conditions which then existed a bank of less than exceptional strength would have been seriously imperiled. In a period of stress, when some banks were failing, and all banks were striving to husband their resources, no reasonable depositor would have made an extraordinary, and certainly not an unnecessary, demand upon any bank; and that this demand, both extraordinary and unnecessary, should have been made by the Government of the United States, and by the very Department of the Government charged with the care and supervision of National banks, in a time of universal depression, verging on a panic, evidences to our mind a deliberate purpose to wreck this bank if possible, and nothing else than this bank's unassailable position defeated that purpose.

The Treasury Department was not content to withdraw from this bank the funds subject to its own control, but it insisted upon the withdrawal of a large fund controlled by the War Department. While the Secretary of the Treasury was withdrawing the public deposits from this bank, he was pursuing a different policy towards another bank which is supposed to enjoy your special favor, although every report which it has made to your office since you have been Comptroller of the Currency shows that it has been violating that section of the National Bank Act which limits its right to incur indebtedness; and the same reports show that on every statement day its reserve was below the amount required by law.

It would extend this communication beyond a reasonable limit for us to review the letters which have passed between your office and this bank, because they cover more than four hundred printed pages. It will not be amiss, however, to say that in this voluminous correspondence you have not in a single instance ordered or requested this bank to discontinue any business practice which it has followed, nor have you suggested the adoption of any new or different business method, notwithstanding the fact that our Board of Directors by formal resolution invited your suggestion in that regard. Your object throughout seems to have been to find matter for complaint rather than for correction. Indeed, so eager have you been to find some misconduct on the part of the officers of this bank that you have called experts to assist you in that effort. You kept the regular Bank Examiner for this district, with an assistant, employed in an examination of it from the 13th of November, 1914, to the 16th of January, 1915; and when that unprecedented examination disclosed nothing which would support your attack you brought an examiner from another district and ordered him, in cooperation with your regular examiner, to conduct a special examination of our officers, under oath.

Patience with us has ceased to be a virtue, and perhaps never was. Hitherto, although sorely tried, we have by forbearance endeavored to allay your passions and have continued to answer long beyond the time when self-respect and the good opinion of others warranted a different course. We recognize to the fullest extent your official right and your official duty to give to this bank, as to all other banks under your jurisdiction, the most rigid supervision under the law; and we will in the future, as we have in the past, make full reports and complete answers to all lawful inquiries. But come what may we will not further submit to or respond to inquiries that palpably transcend official propriety or authority, and which violate the common rules of decency and self-respect.

Having submitted the foregoing, we now comply

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with your request with respect to the destruction of the papers and records of this bank, and say that neither since the first of May, 1914, nor before that time have any of the books of record or account, or any portions thereof, or any correspondence or reports or statements or vouchers or documents of this bank have been destroyed, mutilated, or disposed of.

Not only as a matter of compliance with your demand, but also because we desire that certain matters of fact in this communication shall be placed beyond any doubt, we make oath to this letter.

As only the President and the two Vice-Presidents have cognizance of all the facts herein stated, they alone subscribe.

Respectfully yours,

CHAS. C. GLOVER,
President,
M. E. AILES,
Vice-President,
WM. J. FLATHER,
Vice-President.

Subscribed and sworn to before me this 9th day of March, 1915.

WM. H. DORSEY,
Notary Public, D. C.

THE COMPTROLLER'S REPLY.

On the day the bill was filed the Comptroller issued the following statement as a reply to the bank's allegations:

"The recent investigations of the affairs of the Riggs National Bank disclosed irregularities and unlawful practices on the part of certain officers of sufficient importance to merit their reference to the Department of Justice, and that department engaged the services of Louis D. Brandeis, of Boston, some weeks ago as special counsel in the case. It is consistent with the attitude of these officers to attempt by unwarranted and untrue statements to place themselves and the bank in a position of martyrdom at the hands of the Administration. * * *

"In its efforts to ascertain the real truth in regard to the operations and affairs of the Riggs National Bank, letters were from time to time directed to the bank from the office of the Controller of the Currency for information. These requests for data in various cases were refused, and on March 30 the Riggs National Bank was notified of the imposition of a penalty of \$5,000, under Section 5,213 of the United States Revised Statutes, for its refusal to furnish information to the Controller's office in regard to its affairs.

"On April 5 the Controller of the Currency addressed a letter to the bank calling its attention to various false statements which had been made by its officers under oath and what are regarded as deliberate efforts to deceive the department and notified the bank that in view of the unsatisfactory and dangerous conditions which have come to light as the result of the investigations of the bank by this office and the National Bank Examiner; in view of the unreliability of statements made by your officers under oath or otherwise and your long continued defiance of the law and disregard for the instructions of this office, you are hereby notified that the Controller of the Currency will, until further notice, refuse to approve the Riggs National Bank as a depository for the reserves of other National banks.

You are hereby admonished that this office strongly disapproves of the policy and practice of having the President, Vice-President and Cashier of a National bank conduct a brokerage shop or business within and as a part of the business of the National bank, buying and selling speculative and "wild cat" stocks and other securities on commission and using the bank as the agency for carrying, on margin, stocks and other securities thus bought and sold and dealt in.

The books of your bank show that large sums of money are being loaned on speculative securities to the officers of your bank and to its clerks and employees in

these speculations. This office regards this as a demoralizing example to the other employees of your bank.

In speaking of the loans made to the Cashier of your bank, aggregating \$63,500, you declare that these loans "were secured by high-class, marketable local and out-of-town stocks and bonds, having a market value of \$70,000," although at to-day's prices they barely cover the loan.

Among the "high-class, marketable local and out-of-town stocks and bonds" I note the following:

Shares.	Market Value.
200 St. Louis & San Francisco pf.....	4
100 Rock Island Railroad pf.....	1 1/2
100 Rock Island Railroad com.....	1
200 Missouri Pacific Railroad.....	9 1/4
200 Inspiration Consolidated Copper.....	18
350 Inter-Continental Rubber.....	7 1/2

Among the stocks securing the loans to Vice-President Flather of \$63,500 appear 415 shares of Greene-Cananea copper stock, etc. Such securities as these I should hardly expect to find in the loans of conservative bank officers and their clerks, who should certainly be expected to scrutinize with special care the collateral placed upon the loans which they may require the bank, whose interests they have sworn to safeguard and protect.

TEMPTED INTO SPECULATION

It appears that for the sake of the commissions collected by your officers in buying and selling bonds and stocks you have been executing orders for women, (including Treasury employees), young men, clerks, professional and business men, who have been tempted to engage through you in stock speculations which have proved in various cases costly and damaging, if not ruinous. To facilitate these operations there is, it appears, installed in your bank a private telegraph line connecting you with a stock brokerage house in New York and two private telephone lines connecting you with two stock brokerage offices in Washington.

The books of your bank showed at the date of the last examination that nearly \$1,000,000 of the funds of the bank were being loaned to some forty or fifty women on stocks and other securities, many of them of a highly speculative character, which had been bought for account of these women by officers of your bank and for which your officers had duly collected their "commission." Some of these loans had sufficient margin, but others were but scantily secured. But few, if any, of these women had any balances with your bank upon which they might have drawn to make good shrinkages in their collateral, and as much of the collateral was of a slow character it is uncertain what the results would have been or would be if it should have been necessary, or should be necessary, for you to call those loans.

As an example of the evils which have resulted from the policy and methods pursued by your bank in this connection I will cite the case of —, who it appears purchased in January last—whether through your active solicitation or otherwise I am not informed—1,000 shares of Rock Island preferred stock and 500 shares of Rock Island common stock at a cost of \$26,987.50. These stocks in the brief period of six months have shivered up so that to-day they are worth at current quotations scarcely \$2,000, showing a loss to your unfortunate customer, including interest, of more than \$25,000.

The commission which you collected of \$187.50, it seems to me, is no compensation for the injury inflicted upon your unhappy client, who was, as you presumably knew when you made the transaction for him, a man of limited credit and means and in no condition to engage in such a speculation. He still owes you, I understand, approximately \$20,000 on extremely doubtful securities. You inform me that he has given you as further protection against the cost of the Rock Island stock, now valued at only \$2,000, \$16,000 of notes of the — Company.

I regret to have to inform you that this office has

evidence which indicates that other statements recently submitted by you and other officers of your bank to this office under oath, in addition to the incorrect statements to which your attention has been specifically called in this letter, are also untrue.

Should you or the other officers of your bank desire to review and correct statements which have been made to this office by yourself and other officers of the Riggs National Bank in connection with these recent investigations before this office takes action in the premises, you are requested to notify me immediately and to furnish, under oath, such corrections as you may be prepared to submit.

You are instructed to have this letter read to your Board of Directors at their next meeting and to send copies of it to those members of the Board who may not be present at the meeting, and to notify this office that these instructions have been complied with.

"Extract from letter to the Riggs Bank, March 9, 1915.

Investigations by this office indicate that the officers of your bank have not only made or connived at the making of so-called "dummy" or indirect loans, by which funds are furnished to customers beyond the amounts which the bank could legally lend directly to these customers, (as in the case of the five loans of \$50,000 each [\$250,000] made some years ago to your clerks for the benefit of one whose excessive loans you had been directed to eliminate from the bank), but your officers have, on different occasions, it appears, loaned to themselves or one to the other the bank's funds through these so-called "dummy" or indirect loans; as, for example, when your President, less than a year ago, got \$86,500 of money from the bank through a note made by the assistant paying teller, on collateral furnished by your President for hypothecation. Your President, C. C. Glover, being under oath, was asked on January 11, 1915, by the National Bank Examiner in regard to the above note for \$86,500 signed by the assistant paying teller of the bank.

Bank Examiner—Who got the proceeds of this note?

Mr. Glover—I did.

Bank Examiner—Who paid the note, when it was paid?

Mr. Glover—I did.

Bank Examiner— * * * and you borrowed money from the bank in the name of the assistant paying teller?

The "dummy" loan is again in evidence when your Cashier, H. H. Flather, got \$26,400 of the bank's money on the note of one —, unknown to the Bank Examiner, but whom your President and Cashier have under oath described as being engaged in the "laundry" business, and a brother of your assistant paying teller who it appears permitted himself to be used for this purpose by your Cashier.

The records show that on January 11, 1915, the Bank Examiner put the following question to your Cashier, H. H. Flather, who was under oath, in reference to this \$26,400 note signed by —, the laundryman: Question by Bank Examiner: "In other words, you were borrowing from the bank in the name of —, (laundryman)?" To which H. H. Flather replied: "I was."

No report, it appears, had been made by Mr. H. H. Flather as to this money, which he thus admitted he was "borrowing from the bank in the name of —, in the various statements of the bank's condition which he had sworn to since that loan was originally negotiated, in April 1911, and it was only under a rigid examination that the facts of the case, as now understood, were finally brought out.

NOTE SIGNED BY A BOOKKEEPER.

Another instance of the "dummy" loan occurs when your Vice-President, W. J. Flather, got from the bank, in April, 1912, \$17,500 on a note signed by one —; a bookkeeper, at a salary of \$1,700 per annum, in the American Security and Trust Company, in which company W. J. Flather is also a Director. Vice-President

W. J. Flather, on January 11, 1915, made the following replies under oath to questions by the Bank Examiner:

Referring to the \$17,500 note signed by —, the Bank Examiner said to W. J. Flather:

Bank Examiner—The correspondence shows you received the proceeds of that note?

W. J. Flather—I did, yes, sir.

Bank Examiner—Who paid it when it was paid?

W. J. Flather—I paid it.

Bank Examiner—What was the object in procuring Mr. — to make that note for you?

W. J. Flather—I do not know that I had any real reason, Mr. Smith, except that I was borrowing some money here, and thought I would get Mr. — to borrow some for me. That is all there was to it. It was my money and my collateral.

Bank Examiner—And you borrowed money from a National bank in which you were an officer and in a way that it did not show that you were the borrower?

W. J. Flather—Yes, that is very true.

The Bank Examiner, in the course of his examination of Vice-President W. J. Flather, asked him, on January 15, 1915, how the notes of \$86,500, (proceeds of which President Glover got); \$26,400, (proceeds of which went to Cashier H. H. Flather), and \$17,500, (proceeds of which were turned over to Vice-President Flather), were presented for approval to the Discount Committee and afterward to the Board of Directors, and "whether the Discount Committee and the Board were informed as to who the real borrowers were." Vice-President W. J. Flather's replies were as follows:

W. J. Flather—Not to my knowledge, Mr. Smith. We submit a list of all loans made, with the collateral, giving the name of the borrower and the collateral offered, and the amount of the loan and the market value of it, and they pass upon that.

Bank Examiner—Did or did not the Board of Directors know the true borrower?

W. J. Flather—As far as I know, they only knew the person who gave the note—the name of the person who gave the note.

SALARY, \$2,100; NOTE, \$86,500.

On March 5, 1915, —, second or assistant paying teller of the Riggs National Bank, was questioned under oath by the National Bank Examiner, and in reply to the following questions made the following answers — salary is \$2,100 per annum:

Bank Examiner—In April, 1914, you gave your note to the bank for \$86,500?

Assistant Paying Teller—I don't vividly recall it at this time. I know that I gave some notes to the bank. I have not looked at the bank's records particularly. I don't know whether it was in April. I could refer to the records.

Bank Examiner—Mr. —, (Assistant Paying Teller), regarding the \$86,500 note in April, 1914, that you gave the bank?

Assistant Paying Teller—It was not given for my benefit.

Bank Examiner—What was the transaction, as far as you know it?

Assistant Paying Teller—As far as I know, I acted in the capacity of some one in whom I was personally interested. I don't know whose capacity, but I surmised it was one of the men who had been friendly to me and knew that they could.

Bank Examiner, (interrupting)—Getting down a little more definitely than that, who asked you to give the note?

Assistant Paying Teller—W. J. Flather asked me to sign that note, as nearly as my recollection goes.

Bank Examiner—You did not get the proceeds?

Assistant Paying Teller—I did not get the proceeds.

Bank Examiner—You did not own the collateral that was put up to secure it?

Assistant Paying Teller—No, I was not personally the owner of the security.

Bank Examiner—You paid neither the interest on it nor did you pay the note?

Assistant Paying Teller—I did not personally pay the note.

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Bank Examiner—The note has since been paid?
Assistant Paying Teller—The note has since been paid.

Bank Examiner—How much of a task would it be for you to look over a list of all your loans in the bank since its organization and tell what, if any, others there have been?

Assistant Paying Teller—That would necessitate my coming down here and digging out the old books and going over them. We have had these records of loans of that sort carried from one book to another for a good many years. I have been here seventeen years.

Bank Examiner—By the examiner taking a list of these loans and asking you, as would be necessary, as to whether this loan or that loan, going right down the list, were notes on which you personally got the proceeds, or were given for the accommodation of others, would you be able to state which were for the accommodation of others during the past years?

Assistant Paying Teller—I might not be able to state that definitely.

Bank Examiner—There is nothing on the records that would enable you to state positively? They were all recorded in your account as loans to you, whether the proceeds went to somebody else or not?

Assistant Paying Teller—They were.

Bank Examiner—Have you any private records which would show?

Assistant Paying Teller—I have never kept a private record of that kind.

This office regrets to inform you that it has reason to believe that the "dummy" loans above referred to were by no means all of the loans of this character or lack of character which the officers of your bank have been dealing in, with or without the knowledge of its Directors.

LOANS FROM OTHER BANKS.

The last report of the Bank Examiner shows that, although direct loans to your President, your two Vice-Presidents, and your Cashier have, during his investigation of your bank, been apparently pretty much eliminated from the bank, this was done partly by the transferring of the loans of your officers to other banking institutions in the district. One institution here, it appears, has loaned nearly \$100,000 to your Cashier, and one of your bookkeepers; and the loans of the banking institutions of the district to four of your officers at a recent date amounted in the aggregate to approximately \$400,000, for much of which highly speculative and risky securities were hypothecated by those borrowing officers.

For the officers of a National bank to obtain the use of its money by indirect methods, especially by requiring their clerks or employees to execute notes for the accommodation of these officers; for the bank's funds to be gotten secretly by means of "dummy" loans or other devious methods and used by its officers for their private deals and speculations without the knowledge or approval of either the Discount Committee or the Board are practises manifestly reprehensible and dangerous and clearly subversive of the most primary rule and ethical standards which should govern and control both the employees and officers of any well-conducted bank. It is believed that these practises will not be tolerated or condoned by any competent, faithful, and intelligent Board of Directors when they are discovered and brought to their attention.

The first examination of your bank made after March 4, 1913, namely, the examination of May, 1913, showed that nearly two-thirds of the entire capital of your bank was being borrowed by its President, its two Vice-Presidents, its Cashier and its other Directors. These loans were in addition to other large loans which were also being made to firms or business concerns of your Directors, which sums largely increased the total. The loans at that time to your President, your two Vice-Presidents and your Cashier exceeded \$260,000, exclusive of the indirect or "dummy" loans which some of your officers were also borrowing at that time, as has been developed in the recent investigation by the Bank Examiner.

LOANS CARRIED IN "CASH."

At the time of the October, 1913, examination the National Bank Examiner also complained of irregularities aggregating \$55,572, all being for stock purchased for customers, which were being carried in the "cash" instead of being charged to the personal accounts of the speculators or persons for whom they had been purchased. Among the stocks which were being carried in "cash" items by the bank at that time were 200 shares of American Can Company, purchased for C. C. Glover, President of the bank, carried as a "cash" item for \$6,562.50.

Attention is called at this point to the statement made by your President, C. C. Glover, falsely and under oath, under date of June 18, 1914, in which he said: "In a very few cases, but never in the case of an officer of the bank, stocks or bonds bought for customers of the bank were paid for in the first instance by the bank and were subsequently delivered to the customer upon reimbursing the bank therefor." * * *

SAYS AILES ADMITTED IT.

"The statement made by the bank as to the interview at the Treasury in December, 1913, in connection with the unwarranted and malicious attack in a New York newspaper upon certain Treasury officials concerning the action of the department in saving a local trust company from disaster is misleading and grossly distorted. As a matter of fact, at the interview referred to the Vice-President of the Riggs National Bank confessed that he had vised or approved as true before their publication the statements, shown to have been false, published in the New York newspaper.

"This admission was made by Vice-President Ailes, of the Riggs National Bank, in the presence of the Secretary of the Treasury, Mr. Elliott, counsel, and myself, President Glover and Vice-President Flathers, of the Riggs National Bank, also being present; and it was after this admission that the Secretary of the Treasury, the same day, December 4, 1913, gave out a statement to the press in which he said: 'The source of this publication is known to and thoroughly discredited by this department.'"

THE ISSUE.

The legal issues joined is of interest to all national banks because the decision which will follow will determine the extent of the Comptroller's powers. But the interest of the bankers and of the public in the political issue is as keen and the precedent to be established will possibly have an importance not less than that of the judicial decree. Newspaper gossip has sought to make the suit an administration affair, but there is nothing but gossip to indicate anything on the part of the administration but a determination to secure judicial interpretation of the law.

The Treasury Department has secured the services of Mr. Brandeis and Mr. Untermyer, who will co-operate with the Department of Justice in defending the suit brought by the Riggs bank. Mr. Untermyer was counsel for the Pujo Committee, which conducted the investigation of the so-called Money Trust, and Mr. Brandeis has been active in the investigation of many incorporated activities. He was counsel for the Interstate Commerce Commission and opposed the increased rates for the Eastern railroads. He is also the author of a book entitled "Other People's Money."

BANK EXAMINATIONS.

The Federal Reserve Act materially strengthened the system of examination in vogue before its passage. It was intended that the power of examination should be vested in the Federal Reserve Board and in the Federal Reserve Banks as well as in the Comptroller of the Currency.

In the explanation which accompanied the bill as it was offered to the House Chairman Glass said in discussing what he called the "seriously defective provisions" for examinations in the National Banking Act:

"In order to fulfil all the requirements of the case it therefore has included in the proposed measure a considerable extension of the examination function, dividing this between the Comptroller of the Currency, the proposed Federal Reserve Board and the Federal Reserve Banks themselves."

In relation to the section of the law providing for examinations, Mr. Glass said more particularly:

"In general the purpose of this section is to convey all reasonable and necessary power of bank examination, to place it where it can be most effectively used, and to assume that the power is to be used for the purpose of strengthening, protecting, but certainly not of annoying or crippling, banks to which it is applied."

From the same explanation by Mr. Glass can be secured the best information as to the motives and purposes of those who were responsible for the bill. The position of the Secretary of the Treasury and of the Comptroller of the Currency in relation to the Federal Reserve Board is clearly defined and it is possible to trace the influence that was exerted from the changes that were made in the bill as it was discussed in both House and Senate. There were many slight changes in wording whereby the powers of the Secretary of the Treasury in regard to the new banking system were either increased or his influence in other directions was so emphasized that ultimately his position was materially different from that first outlined by Mr. Glass. Mr. Glass said further:

"In designating the Secretary of the Treasury as ex-officio Chairman of the Federal Reserve Board the bill aims to preserve the general concept of official responsibility and duty which is fundamental

to the conception of this board. In ordinary times the Secretary of the Treasury's relation to the board would be largely formal. In times of stress or sudden danger he might become an active and effective working member of the board.

"The final paragraph of Section 11 is intended to make the Comptroller of the Currency in all respects answerable to the Federal Reserve Board, thereby giving this board the connection it needs with the National banks of the country which are under the direct supervision of the Comptroller of the Currency. This is believed to be desirable, inasmuch as the Comptroller of the Currency, although a member of the Federal Reserve Board by virtue of the earlier provisions of this section, might otherwise not be held to be answerable to the board in his official capacity as the chief of the National banking system. The paragraph referred to now makes him responsible to the 'Secretary of the Treasury acting as the Chairman of the Federal Reserve Board,' which implies that the board would have power to instruct the Comptroller upon all necessary matters, preferably through the Chairman, whenever action affecting the National banks in those respects in which they are subject to the oversight of the Comptroller was called for. The proviso at the end of the paragraph in question, however, makes it evident that there is nothing in this grant of authority or in this imposition of responsibility to reduce the functions of the Comptroller as at present understood or to render him less answerable than he now is to the Secretary of the Treasury, who is his chief under existing circumstances."

A study of these changes in the bill as it approached passage helps to explain why it was that Secretary McAdoo asked the Attorney-General to decide whether or not the Federal Reserve Board was subordinate to the Secretary of the Treasury.

AUTHORSHIP OF THE FEDERAL RESERVE ACT.

CONGRESSMAN CARTER GLASS CORRECTS A
NEWSPAPER STATEMENT.

TO THE EDITOR OF THE NEW YORK WORLD: I am altogether disposed to concur in your estimate of Paul M. Warburg as "the ablest scientific banker in the United States." For this reason I was among those who first urged the President to make Mr. Warburg a member of the Federal Reserve Board.

I also concur generally in the statement of facts contained in your leading editorial of March 27th and the deductions therefrom. Hence I think it is a pity that you should have marred the conclusiveness of such an excellent article by asserting that Mr. Warburg "had more to do with the actual drafting of the Federal Reserve Law than any other man, either in Congress or out of Congress." There never was a more flagrant misstatement of fact. Mr. Warburg did not draft a sentence of the law. He was in Europe when the bill was being prepared and wrote an adverse criticism of some features of the measure from abroad.

Upon Mr. Warburg's return from Europe he was several times brought into conference upon certain major problems urged by him, such as (1) "piping" the twelve regional banks into three central banks, (2) establishing a system of "domestic acceptances," and (3) permitting Federal Reserve notes to be used as reserve by member banks. If you will examine the statute you

will find that not one of these provisions is in it. The Senate adopted two of them, but the House threw them out in conference.

This utterly erroneous statement in your editorial of Saturday is only comparable to an assertion made some time ago by Mr. Harvey in the "North American Review" to the effect that the House Currency Bill was "so radically changed by the Senate as to bear little resemblance to the law as enacted." Such a declaration betrays indefensible ignorance. It is based upon the fact that the Senate made various changes of phraseology in the House bill and some very radical alterations of its essentials; but had Mr. Harvey troubled himself to pursue the course of legislation he would have seen that the House conferees restored every single important feature of the House bill and discarded every fundamental change made by the Senate.

In presenting the conference report to the House I directed attention in detail to the work of the conference committee, showing that the integrity of the House bill had been absolutely preserved in every single fundamental feature; and in the other chamber Senator Owen made a similar statement.

CARTER GLASS.

Lynchburg, Va., March 30th.

Spring Meeting Executive Council American Bankers Association Held at Old Point Comfort, Va.

Reports of Committees and Officers Show a Most Satisfactory Condition—Council Expresses Entire Confidence in Work of Protective Committee and Recommends Continuance of Arrangement with Burns Agency—Banker-Farmer Movement Commended—Provision to Be Made for Membership of Federal Reserve Banks in the Association.

In variety and importance of topics discussed, the Spring meeting of the Executive Council of the American Bankers Association, held May 3d, 4th and 5th, at Old Point Comfort, Fortress Monroe, Va., was one of the most interesting in the history of the Association. The matters which came up for attention were all disposed of in a most satisfactory and harmonious manner and the Council finished its business on schedule time.

Ideal weather conditions prevailed, while the further presence of a representative gathering of battleships in the roadstead, under the command of Admiral Fletcher, afforded opportunity for the interchange of social courtesies which added distinctly to the pleasure of the occasion.

The sessions were held in the Hotel Chamberlin. Monday, May 1st, was devoted to meetings of the various committees. The Council convened at 10 o'clock Tuesday morning, the roll call showing an attendance of 73 members, and with President William A. Law of Philadelphia in the chair proceeded to hear the reports of the officers and committees. For the Administrative Committee, President Law reported on the various matters that had come up for action, on all of which the committee's course received the approval of the Council.

Among other things, the Council expressed their appreciation for the services of the late W. W. Waive, Associate Editor of the JOURNAL-BULLETIN, and made suitable provision for his widow and family.

The report of General Secretary Fred. E. Farnsworth covering the business of the Association since the Richmond Convention, showed the finances to be in splendid condition, with a cash balance about \$29,000, more than at the same date a year ago. The membership at the present time stands at 14,753. Incidentally the General Secretary reported that the twelve Federal Reserve Banks are now members of the American Bankers Association.

Legislative matters were fully covered by the reports of General Counsel Thomas B. Paton, and the committees on Law and Federal Legislation. A proposed program for future legislative work was briefly outlined by the General Counsel.

Reporting for the Trust Company Section, President Ralph W. Cutler stated that the Section had shown con-

tinued growth since last October. In the matter of testing the constitutionality of that provision of the Federal Reserve Act which permits National banks to assume trust powers, Mr. Cutler reported that after failure to secure action from the Federal Reserve Board the members of the Trust Company Section had decided to make the test themselves at their own expense.

That a country wide campaign of thrift had been inaugurated was reported by President William E. Knox of the Savings Bank Section. The Nation had passed through a period of extravagance, Mr. Knox pointed out, and it was for the bankers to take the initiative in turning the tide, as bankers prosper only as the country prospers. The inauguration of school savings bank systems and the use of motion pictures had been found of great value in this campaign of thrift. Milton W. Harrison of the Brooklyn Savings Bank was elected Secretary of the Savings Bank Section to succeed E. G. McWilliam, resigned.

W. D. Vincent, reporting for the Clearing House Section, stated that steady progress was being made in extending the Numerical System and that one of the important activities of the Section at the present time was in urging the adoption of uniform methods of reporting clearings at the different cities.

The activities of the American Institute of Banking were outlined by President W. S. Evans. The splendid work of the Section along educational lines was complimented by the Council.

B. F. Harris, Chairman of the Agricultural Commission, presented the following resolution, which was adopted:

Whereas, agriculture is the backbone and sinew of the Nation, if it is successfully conducted—if the priceless fertility of the soil is conserved—if rural life is strengthened and bettered until no one will desert the soil—then every person in the United States will benefit, and this Nation will better be enabled to work out its great destiny.

When the soil will produce, as it can, greater yields at greater profits—when farms are farmed by the best methods with regard to conserving fertility—when country roads are all good roads—when country schools are all good schools—the future of this Nation is certain. For it will mean a contented, successful people, prosperous beyond compare.

The responsibility of all to assist in bringing about this great consummation is clearly recognized. It is a patriotic service. The responsibility of no class has been so clearly defined as that of the American banker—the man of all men closest to the men of the soil.

The American Bankers Association has recognized this responsibility. It has created an Agricultural Commission. It has appropriated funds to assist in carrying on this work—to interest every one of its 15,000 members

in this great task, showing them their manifest opportunity to co-operate. As an agent, it has published a monthly magazine which is read by 30,000 persons monthly, farmers as well as bankers. Members of the Agricultural Commission have given their time to this labor—they have been more than repaid by the response.

But, great as has been this response, the opportunity to do more is even greater. The Nation is just waking up to its duty toward agriculture. The activity of the American banker has been welcomed by all forces. The great farm journals and the leading agricultural educators have repeatedly called attention to the peculiar opportunity of the banker to urge on this great work for agriculture and his work can be more effective than ever; therefore,

Resolved, that every member is urged to acquaint himself at first hand with the purposes of the Banker Farmer movement by communicating direct with "The Banker Farmer," Champaign, Illinois, and if possible to follow the example of the several hundred bankers who are buying this publication every month and distributing it to their customers.

Resolved, that the officers of the Association are hereby urged to co-operate with the Agricultural Commission in every way possible.

Resolved, that the General Secretary is hereby authorized to forward a copy of this resolution to every member of the association.

The report of the librarian, Marian R. Glenn, relative to the growth of the Association's Library, was received and placed on file.

For the State Secretaries Section, W. W. Bowman made an eloquent verbal report, in which he expressed the desire of the State secretaries to co-operate to the fullest extent with the association.

The Committee of Twelve on amendments to the Federal Reserve Act reported through Chairman Uzal H. McCarter that they had been unable to reach an agreement. The report was accepted and placed on file.

At the afternoon session, Vice-President James K. Lynch, for the Finance Committee, made the gratifying report that no additional appropriations had been asked for and that in no case had the entire appropriation for any purpose been used.

Oliver J. Sands, Chairman of the Insurance Committee, made a comprehensive report on the work of this committee, showing great progress in protecting the members from loss on their bonding and insurance business.

The Special Committee on the JOURNAL-BULLETIN reported that they were unable to agree on the proposed plan for a separation of the JOURNAL and BULLETIN, and the matter was disposed of by reference to the Administrative Committee, with power.

The three reports submitted by the JOURNAL-BULLETIN Committee—the report of the full committee and the majority and minority reports—are as follows:

COMMITTEE REPORT.

To the Executive Council: Your Special Committee on the JOURNAL-BULLETIN as appointed at the Richmond meeting of the American Bankers Association begs to report that it is unable to reach a unanimous recommendation with respect to the publications of the American Bankers Association as represented by the JOURNAL-BULLETIN.

We have debated among ourselves and canvassed the situation as carefully as we might.

We are agreed unanimously on the general proposition that a betterment of the JOURNAL-BULLETIN is absolutely essential. Its general tone and standards need to be raised. The quality of its paragraphs and articles need vastly to be improved in order that the JOURNAL-BULLETIN shall be representative of the American Bankers Association.

Our difference of opinion arises out of the necessary steps to be taken to bring these things into effect.

(Signed) W. F. McCALEB, Chairman;
B. M. MARLIN,
A. E. EDWARDS.

MAJORITY REPORT.

To the Executive Council: The undersigned, being a majority of the Committee on the JOURNAL-BULLETIN, desire to report that we recommend a higher standard of the entire publication.

We are opposed to the separation of the various Sections under separate publications, and recommend that the reports of the various Chapters of the American Institute of Banking be of a more dignified character and that they be edited by the Educational Director before publication.

We also recommend that the reports of the Protective Committee be limited and that pictures of criminals be omitted.

(Signed) B. M. MARLIN,
A. E. EDWARDS.

MINORITY REPORT.

To the Executive Council: Your Special Committee on the JOURNAL-BULLETIN having been unable to report unanimously as to recommendations in respect to the publications of the American Bankers Association the undersigned minority member begs to submit for your consideration the following scheme:

First—That the JOURNAL-BULLETIN be divorced from the unhappy alliance now existing; that, as originally, each be made a distinct publication—the JOURNAL representative of the American Bankers Association, and the BULLETIN the American Institute of Banking.

Second—That the catalogue of criminals, alias the Protective Department—if it be wise to continue this publication—be printed together with the Legal Department and issued as a separate pamphlet.

(Signed) W. F. McCALEB.

The Council decided to recommend to the Seattle Convention an amendment providing for the admission of the Federal Reserve Banks as special members, but without full privileges such as the holding of office or active participation in the work of the Association.

The meeting adjourned at 4 o'clock in order to enable the members of the Council to avail themselves of an invitation to inspect the works of Fortress Monroe.

The banquet tendered by the Hotel Chamberlin Tuesday evening was voted one of the most successful ever held. There were no set speeches and entertainment was provided by a local company of negro minstrels. At the conclusion of the banquet the members and their ladies and guests adjourned to the Marine Pavilion, where the dancers had an opportunity to enjoy their favorite diversion to their heart's content. Among the guests at the banquet were Admiral and Mrs. Fletcher,

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Rear-Admiral Mayo, Lieutenant-Commander and Mrs. T. A. Kearney, Lieutenant-Commander and Mrs. John Halligan, Flag Lieutenants F. J. Fletcher and A. B. Cook, Col. Ira A. Haines, Capt. W. C. Baker and Mrs. Baker, Capt. K. C. Masteller and Mrs. Masteller.

The final session of the Council was held Wednesday morning, the principal items of business being the protective work. The members heard the report of Manager Gammon of the Protective Department, and also the report of the Protective Committee, read by the General Secretary. After a thorough discussion of the detective agency situation, the Council passed a resolution expressing its entire confidence in the work of the Protective Committee, and the Wm. J. Burns International Detective Agency, with the recommendation that the present arrangement be continued. This resolution is to be read for the information of the Association at the Seattle Convention, and is as follows:

Whereas, the Protective Committee has made a detailed report establishing to the satisfaction of the Executive Council the efficiency of the present Protective System, and,

Whereas, it is desirable that the membership shall be advised of this satisfactory condition of the Association's protective feature, therefore be it

Resolved, that the Executive Council hereby expresses its entire confidence in the Protective Committee and the William J. Burns International Detective Agency, and be it further

Resolved, that the Executive Council hereby recommends the continuance of the contract with the Burns Agency, and be it further

Resolved, that the General Secretary is hereby directed to read to the convention, in meeting assembled in Seattle, this resolution for their information.

A committee was appointed to collect all testimony bearing on the circumstances surrounding the change from the Pinkertons to the Burns agency, and to make a permanent record of all the facts. President Law appointed on this committee Messrs. Stoddard Jess, Montgomery Evans and W. P. Sharer. It was further decided to advise all members of the Association as to the work being done by the Protective Committee and to invite constructive suggestions for improvement.

The Committee on Communications, Chairman Cornelius A. Pugsley, recommended that all the communications received be referred to the proper committees.

The Committee on Membership made an interesting report of progress which was received and placed on file.

A committee consisting of Messrs. J. S. Calfee, Charles S. Caldwell and Delmer Runkle was appointed to confer with the General Counsel as to the practicability of collecting the legal opinions printed in the JOURNAL-BULLETIN and publishing them in book form.

Invitations for the 1916 Convention were received from trade bodies in Dayton, Ohio, Cleveland and Galveston. Action on these was deferred until the next meeting of the Council.

Resolutions of thanks were passed for the courtesies extended to the officers of the Army and Navy, the Hotel Chamberlin, the Collector of the Port, the Norfolk bankers, the Golf Club, the Remington Typewriter Co., and all others who had so generously contributed to the comfort and enjoyment of the visiting members. The Council adjourned at 11 a. m.

On Thursday, May 6th, the members of the Council who remained over were the guests of the Norfolk bankers on a most enjoyable boat ride around the harbor to the Portsmouth Navy Yard and back. The steamer "Smithfield" had been chartered for this purpose. Luncheon was served on the boat. Among the bankers who contributed to the success of the occasion were A. B. Schwarzkopf, Vice-President Norfolk National Bank; W. T. Old, President Seaboard National Bank of Norfolk; C. W. Grandy, Jr., Vice-President Norfolk Bank of Savings & Trust; Caldwell Hardy, President Norfolk National Bank; H. G. Whitehead, Cashier Virginia National Bank; G. Serpell, Vice-President Seaboard National Bank; W. W. Moss, of Moss & Moss, bankers; Goodrich Hatton, Bank of Portsmouth; R. S. Marshall, Cashier Bank of Tidewater, Portsmouth; W. B. Vest, President Virginia Bankers Association; L. M. von Schilling, Cashier Merchants National Bank, Hampton; Tench F. Tilghman, Vice-President and Cashier Citizens Bank. Hon. Wyndham R. Mayo, Mayor of Norfolk, was also present.

Among other pleasant social features was a bridge party given by Mrs. Wm. A. Law on Wednesday morning, for the entertainment of the ladies.

The North Dakota bankers, accompanied by Governor L. B. Hanna and former Governor John Burke, presented a ten thousand dollar Gorham silver service, paid for by dollar subscriptions in the State, to the battleship "North Dakota." In the delegation were: Gov. Hanna and Mrs. Hanna, Hon. John Burke, Misses Elizabeth and Marion Burke, Mr. Tom Burke, Major R. R. Stedman, Judge F. P. Allen, Judge J. M. Hanley, F. W. Cathro of Bottineau and Miss Cathro; W. C. Macfadden of Fargo, H. P. Beckwith of Fargo, Collector of the Port Norman R. Hamilton, President J. M. Hansel of the Fargo College of North Dakota, J. E. Platt of Clark, S. Dak., and W. G. Edens of Chicago.

GOLF TOURNAMENT.

Golfers attending the meeting of the Executive Council at Old Point Comfort had the privilege of using the Hampton Golf Club course and playing for the Hotel Chamberlin Cup. A Kickers' Handicap Tournament was arranged and the committee, consisting of Ralph W. Cutler, Chairman; John McHugh, Ralph Van Vechten and W. G. Fitzwilson, decided that net scores of 80 to 85, inclusive, would be selected, the numbers placed in a hat and a drawing made, the winner to receive the cup. Each player selected a handicap of his own choice.

Twenty-three players entered the contest. Twelve turned in their cards with the following results:

Name of Player.	Gross Score.	Handicap Selected.	Net Score.
Ralph W. Cutler.....	93	11	82
Lewis E. Pierson.....	113	19	94
A. E. Edwards.....	105	20	85
L. F. Kiesewetter.....	96	12	84
E. R. Fancher.....	102	18	84
W. H. Bucholz.....	111	29	82
W. G. Fitzwilson.....	107	20	87
G. E. Lawson.....	90	12	78
Frank W. Blair.....	118	43	75
J. D. Ayres.....	93	15	78
W. F. McCaleb.....	94	10	84
J. H. Fulton.....	101	20	81

At the banquet on Tuesday evening, May 4th, held in the ballroom of the Hotel Chamberlin, the drawing took place and the cup was awarded to Ralph W. Cutler, President of the Hartford Trust Company, Hartford.

REPORT OF THE ADMINISTRATIVE COMMITTEE

WILLIAM A. LAW, CHAIRMAN.

Under the terms of the Constitution, the Administrative Committee is empowered to act generally for the Executive Council in the interim between meetings, and must report proceedings to the Council for approval. Your Committee therefore respectfully reports:

Pursuant to authority granted at your last meeting, the Department of Public Relations has been established. Mr. Arthur D. Welton has been employed as manager, working under the direction of the General Secretary, and in legislative matters in consultation with General Counsel Paton. Mr. Welton has regularly contributed editorial matter to the JOURNAL-BULLETIN. His long experience in journalistic work, and his special acquaintance with recent financial legislation, have made him a valuable factor in the improvement of the JOURNAL-BULLETIN. Unfortunately, Mr. Welton has been suffering for some weeks with an ailment which affected his eyesight, from which we are glad to say he is now recovering.

Your Committee authorized the rental of additional space adjoining our quarters in the Hanover Bank Building, increasing the amount of rent \$2,000 per annum and providing space necessary for the use of the officers and employes of the Association, involving some alterations which greatly improve the appearance of the rooms. The lease was renewed for a term of five years from May 1, 1915.

Your Committee approved an increase in salary of Mr. B. A. Ruffin, Secretary of the Insurance Committee, to \$250 per month, this being within the appropriation which you authorized for said Committee.

At its meeting on January 22, 1915, your Committee received with regret the resignation of Mr. E. G. McWilliam, Secretary of the Savings Bank Section, who left February 1st to accept a position with the Security Trust & Savings Bank of Los Angeles, Cal. Mr. McWilliam was a specially capable official. Pending the selection and appointment of his successor, the other members of the official staff have temporarily performed the duties of the Secretary of this Section.

At its meeting on January 29th, your Committee fixed September 6th to 10th, inclusive, as the date for the

next Convention, and selected the Washington Hotel, Seattle, as headquarters.

The Trust Company Section, having requested General Counsel Paton to file a brief so as to assist them in establishing the unconstitutionality of that portion of the Federal Reserve Act authorizing the Federal Reserve Board to confer trust powers upon National banks under certain conditions, the Committee passed the following resolution:

That the General Counsel of this Association be instructed not to take any part in the request of the Trust Company Section to test the constitutionality of the Federal Reserve Act as appertaining to the powers of National banks in certain instances. That, inasmuch as the Association's membership comprises National banks, State banks, savings banks, trust companies and private banks, the Association must remain neutral on these subjects, where there are such varied interests.

At its meeting on March 18th, your Committee passed a resolution recommending that the Executive Council at its May meeting appoint a special committee on Rural Credits and kindred subjects.

At its meeting on April 13th, your Committee decided that it would be well to have the Executive Council at its May meeting fully informed as to the facts regarding the employment of the Wm. J. Burns detective agency instead of the Pinkerton detective agency for the protective work of the Association.

Since your last meeting, Mr. W. W. Waine—a faithful employe of the Association for over seven years—has passed away. And, in view of his long and valued services, your Committee recommends that you appropriate a sum equal to six months' salary (say \$1,250), to be paid to his widow.

Your Committee has given considerable thought and labor toward arranging a program for the Seattle Convention, but, up to the present time, have no definite announcement to make in that connection.

We have endeavored to furnish a brief resume of the principal matters which have been determined by the Administrative Committee since your adjournment, omitting certain matters and items of minor importance which came up for discussion and decision at our meetings.

REPORT OF THE GENERAL SECRETARY

FRED. E. FARNSWORTH.

New York City, N. Y., April 30, 1915.

To the Members of the Executive Committee, Assembled at Fortress Monroe, Va., May 3 to 5, 1915.
Gentlemen:

As provided for in the constitution of the American Bankers Association, I submit herewith my report as your General Secretary, from October 12, 1914 (the date of our Fourth Annual Convention) to the present time; and I am also submitting a pamphlet wherein will be found the report of the Standing Protective Committee, the report of the General Secretary, financial statements of departments, sections and committees, as well as a full statement of the Treasurer and comparative tables

contrasting the condition of affairs a year ago with those of the present time. These financial reports and statements all commence with the present fiscal year (September 1, 1914), and are to April 18, 1915, inclusive.

The statement of the Treasurer shows a cash balance on hand of \$131,991.78, our balance being about \$29,000 more than at the same date a year ago.

The balances standing to the credit of the various departments, sections and committees aggregate \$117,751.80. There are no debit balances in these statements, the departments, sections and committees having complied strictly with the constitution in this respect.

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I have reason to believe that there will be a small amount, or probably no additional appropriations asked for, and this should insure a handsome cash balance on hand at the end of our fiscal year—August 31, 1915, as there will be added to our present balance the cash receipts from dues and investments, from the present time to the end of our fiscal year; while in no sense have the activities of the Association been curtailed it will be exceedingly gratifying to you, as also it is to me, to present so satisfactory a financial statement at this time.

The Administrative Committee, as constituted this fiscal year, all of its members residing within a short distance of New York City, has enabled that committee to keep in very close touch with the details of Association work. Frequent meetings have been held, Association affairs closely scrutinized and an earnest endeavor made to fulfil the important duties thrust upon them. The Administrative Committee has been a great help to me in handling the vast details of the work.

The reports of the several sections, as well as of the committees, indicate increased activity, and these important adjuncts of the Association have fully met all requirements and have very materially aided in the fullest manner the desired realization of Association development.

Believing that the loyal membership of our State Associations, as well as the American Institute of Banking Section, are entitled to all possible recognition by the parent organization, since my last report I attended the convention of the Florida Bankers Association, Maine National Bankers Association convention, meetings and banquets of New York, Philadelphia and Wheeling, W. Va., Chapters of the American Institute of Banking, as well as some of the group banquets of Bankers Associations and the annual convention of the Investment Bankers Association of America.

The Protective Committee, which under our constitution is appointed by the President from the Council membership, has given close attention to the important work of its department. And this, coupled with the excellent work of our Protective Department, under the management of L. W. Gammon, shows increased efficiency and a more complete office equipment of records, indexes and photographs of criminals than at any former period.

The reports of the Protective Committee and the Manager of the Protective Department will show that with a largely increasing membership, as well as an increase in the number of criminals arrested and convicted, the expenses of the department have not materially changed; and it is my pleasure to report that this is the first Spring meeting in seven years when the Protective Committee has not asked for an additional appropriation. However, this must not be taken to indicate that the features of the protective system have not received the fullest financial consideration, for they have.

An intimate knowledge of the work of the Protective Committee, coupled with the fact that although the Association serves a large number of members each year there are few, very few, complaints come to this office, and very many times these complaints (when investigated and explained) develop a misunderstanding as to the rules of the Protective Committee and bring from the

complainant a withdrawal of any charge the bank may have made.

The report of the General Counsel will show in detail the important work of the Legal Department and the use that is being made of this department by the Association membership. The work of General Counsel Paton may be classed as invaluable to our membership, and we have very many evidences of this in the correspondence received at the General Offices.

The American Institute of Banking Section has kept pace with the development of Association work. The educational feature, for which the American Institute of Banking was founded, is paramount; the Chapters are increasing in number and the Institute membership is constantly growing. Educational Director Allen is a tireless worker and has, in every sense of the word, the full development of the Institute at heart. In this he is very efficiently supported by the corps of able young men who are its present officers.

By the authority given the Administrative Committee there has been established, since the Richmond Convention, a Department of Public Relations, and A. D. Welton chosen as Manager. Mr. Welton has been appointed Editor of the JOURNAL-BULLETIN; and inasmuch as there was a decided sentiment in the Council (at the Richmond meeting) for the improvement of the JOURNAL-BULLETIN, the Administrative Committee authorized such changes. These seem to have met with general approval, as is indicated by the many letters of commendation sent to the General Offices.

While the JOURNAL-BULLETIN may not appeal (in its present form) so generally to the bankers of the metropolitan cities, there is no question in my mind as to the standing of this publication among the country bankers (who form the larger part of our membership). And this opinion is not confined entirely to the country bankers, for there are many bankers in the larger cities who are constant readers of the monthly.

It is with deep sorrow and much regret that I announce the death of William Walter Waive, Associate Editor of the JOURNAL-BULLETIN, on April 17, 1915, after an illness of several months, and I cannot express myself too deeply on this subject. I brought Mr. Waive to New York when I took up my position as Secretary of the Association. He has been associated with me in public and private life for thirty years and was peculiarly well qualified to fill the position to which I assigned him—as Manager of the Contract Department, Purchasing Agent and to handle the details of publishing the JOURNAL-BULLETIN and other publications. He was ever courteous, faithful, loyal, energetic and resourceful, with a minute grasp of detail. His services were invaluable to the Association and his loss will be keenly felt.

The serious illness of Mr. Waive, lasting several months, and the unfortunate disablement of Mr. Welton for a portion of the time, has thrown the management of the JOURNAL-BULLETIN on the hands of George E. Allen, Educational Director of the American Institute of Banking; and the officers of the Association wish to express to Mr. Allen their gratitude for the important work he has done during these months and which he so generously volunteered to perform, although it encroached seriously on his time. Yet he did it cheerfully and with-

out sacrificing his obligations to the Institute Section, which is a fitting illustration of the spirit of co-operation now in evidence in the General Offices.

The Annual Proceedings for 1914, containing 723 pages, have been prepared and distributed with some delay on account of Mr. Waine's illness, he always having had charge of that work. The publication is fully up to the standard established in the past; and, as in previous years, morocco-bound copies were sent to the officers, members of the Executive Council, Vice-Presidents of States, State Secretaries and speakers at our convention. This seems to me to be a slight recognition to these officials in appreciation of their aid so cheerfully given to the Association's work.

This edition was produced under contract, several bids having been received, and was issued at much lower cost than in former years, evidently due to business conditions in the trade.

The State Secretaries Section authorized the General Secretary to publish the Proceedings of the State Secretaries Section meeting at Richmond either in the general volume of Proceedings or in a separate book, expressing the opinion (at the same time) that in the form of a separate publication it would be more satisfactory and would thereby effect a considerable saving in publication cost. These Proceedings have been gotten out in separate book form for issuance to the Secretaries Section membership, speakers at their meetings, etc., and is a very creditable publication.

The Library of the Association has been increased by the addition of a large number of valuable books on banking and finance. The department devoted to the classification of clippings, special articles, pamphlets, etc., is growing to almost formidable size, and with this increase in facilities there is developing a large demand on the Library, and especially on the so-called "traveling feature."

Our Librarian is indefatigable in her efforts to not alone supply the requests made on our Library resources but to create also a demand for the valuable material now found on our Library shelves.

Having tendered his resignation, effective February 1st, on that date E. G. McWilliam, former Secretary of the Savings Bank Section, left for Los Angeles, Cal., where he had accepted a position with the Security Trust & Savings Bank. His many friends rejoice in his advancement, while at the same time regretting that his valuable services are no longer available here, for he was ever ready and willing and possessed exceptional qualifications for the secretarial position that he filled so well.

Through necessity created by the ever-increasing volume of business handled by General Counsel Paton and the growing activities of the Library Department, and upon authority of the Administrative Committee, additional floor space has been acquired for the greater accommodation of these departments in the General Offices of the Association. So that the Association to-day has a very complete suite of offices, well furnished and equipped for the transaction of its affairs. Members are urgently requested to call at the General Offices when visiting New York, and to make the same their headquarters for the receiving and sending of mail, telegrams, etc.

And at this time it might not be out of place to state that seven years ago our Association occupied three rooms, with eight active officials and employees. To-day we utilize a suite of twenty rooms, with thirty-three officials and employees.

At the Richmond Convention the Executive Council selected Seattle, Wash., as the place for holding the Forty-first Annual Convention of our Association. Shortly thereafter the local Hotel Committee was appointed, the Washington Hotel chosen as headquarters by our Administrative Committee, and the dates for Convention Week (September 6th to 10th) also named by the Administrative Committee.

The reports received from Seattle indicate that a large reservation has already been made; various local committees have been appointed and the convention work is well under way. Special trains and tours have been arranged from various parts of the country.

Seattle is the wonder-spot of the Northwest; its people are energetic, enterprising and hospitable. This insures a fine convention, with complete arrangements and unbounded hospitality.

Particularly I would call your attention to the statement of membership as presented in the pamphlet and to advise you that from year to year our membership has increased in a most satisfactory manner. While we lose each year, through failures, consolidations and delinquencies, the losses are regained in new members and several hundred added to the list in addition. Naturally, however, the field for additional members grows steadily less, as our membership increases.

Our fiscal year commenced on September 1st, and on that day the Treasurer sent out drafts for the dues of the ensuing year. This period followed the declaration of war in Europe and the war itself by less than four weeks. The financial disturbance which followed, as well as the business depression and the disposition to curtail expenses, led me to believe that there would be a large falling off in renewals of membership. Much to my surprise, a remarkable showing has been made. For the fiscal year ending 1913 the loss by delinquencies was 220; for that part of the year ending April 18, 1915, the loss by delinquencies is 225, while the membership on September 1, 1913, was 14,100 and at the same period of 1914, 14,720, a larger membership by 620 and the loss by delinquents of only 5 more than with the larger membership of 1914, with a possibility of still further reduction.

No better evidence as to the loyalty of our membership can be submitted than by the above figures. The membership at the close of our books, April 18, 1915, is 14,753, and there should be no question of our securing 15,000 members by August 31st, the close of our present fiscal year.

The credit for the prosperous condition of the Association and its membership should with all fairness be divided between our departments, sections and committees and the co-operative aid received from the officers, members of the Executive Council, State Vice-Presidents and State Secretaries.

We now have forty-nine State Bankers Associations (including, of course, the District of Columbia). Since

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my last report the circle has been completed by the organization of a State Bankers Association in Rhode Island, well officered and with every indication that it will, like its kindred organizations, be successful and of long life. This is exceedingly gratifying to me, inasmuch as I have been working to that end for some four years to complete the list of State Bankers Associations.

I am pleased to advise you that the twelve Regional banks are members of the American Bankers Association. You may not be aware of the fact, however, that in the organization of the Regional banks and selection of officers and directors men prominent in the affairs of the Association (either at the present time or in the past) have been selected to the number of 30.

Your honorable body authorized the association membership to place on its letterheads and other stationery the words "A. B. A. Code Used." This has not become effective to any great extent and it seems to me that it would be a distinct advantage for our membership to actively adopt this suggestion.

MEMBERSHIP.

Membership May 1, 1914.....	14,298
Lost by failures, mergers and liquidations...	218
Lost by delinquents.....	225 443
	13,855
Addition to membership May 1, 1914, to date....	898
Present membership	14,753
<hr/>	
After deducting delinquents, failures, mergers, etc., these figures show a net gain from	
May 1, 1914, of.....	455
Membership May 1, 1908.....	9,297
Membership May 1, 1909.....	10,065
Membership May 1, 1910.....	10,969
Membership May 1, 1911.....	11,698

Membership May 1, 1912.....	12,567
Membership May 1, 1913.....	13,690
Membership May 1, 1914.....	14,298
Membership April 17, 1915.....	14,753

MEMBERSHIP BY STATES.

Alabama	175	New Mexico	69
Alaska	13	New York	982
Arizona	64	North Carolina	185
Arkansas	226	North Dakota	312
California	611	Ohio	586
Colorado	222	Oklahoma	397
Connecticut	173	Oregon	181
Delaware	40	Pennsylvania	930
District of Columbia..	38	Rhode Island	47
Florida	190	South Carolina	175
Georgia	398	South Dakota	304
Idaho	132	Tennessee	236
Illinois	902	Texas	508
Indiana	385	Utah	78
Iowa	584	Vermont	77
Kansas	616	Virginia	245
Kentucky	180	Washington	317
Louisiana	184	West Virginia	192
Maine	110	Wisconsin	370
Maryland	183	Wyoming	86
Massachusetts	346	Canada	44
Michigan	447	Cuba	24
Minnesota	444	Hawaii	16
Mississippi	164	Isle of Pines	2
Missouri	529	Panama	1
Montana	214	Porto Rico	4
Nebraska	384	Philippine Islands ...	3
Nevada	27	Mexico	16
New Hampshire	69		
New Jersey	316	Total	14,753

All of which is respectfully submitted.

REPORT OF GENERAL COUNSEL

THOMAS B. PATON.

Since the Richmond Convention your General Counsel has been variously engaged in National and State legislative work as well as in a general advisory capacity.

The meeting of some forty State legislatures during the present year opened up a wide field for the promotion of the bills in which this Association is especially interested and all the necessary steps were taken to place in the hands of Legislative Committees and Secretaries of State Associations and other interested workers our various recommended bills with reasons why their enactment is desirable. As will be shown in detail by the Report of the Committee on Law, considerable success has attended these efforts. Our False Statements Act has been passed in three States, the Derogatory Statements Act in three, the bill to punish the issue of checks without funds in five, the bills relating to the payment of deposits in two names and in trust each in two, the Competency of Bank Notary Act in one, the bill newly drafted last year to protect a bank from excessive damages where a check is refused through error in three, the Uniform Warehouse Receipts Act in one, the Uniform Stock Transfer Act in one and the Uniform Bills of Lading Act in three additional States. This indicates a total of 24 enactments of our measures so far this year, and subsequent advices may add to the number.

In Congress every effort was made to procure the enactment of the Pomerene bill relating to bills of lading. This is substantially the Uniform Bills of Lading Act so changed as to adapt it for Federal enactment.

The Senate passed this bill unanimously in June of last year, but it was impossible to procure its consideration by the House Committee on Interstate and Foreign Commerce. Your Counsel, among other things, endeavored to interest the Federal Reserve Board, and through it the Administration, in the hope of procuring a favorable report by the House Committee. It was urged that the great value and importance of this measure to the banks of the country, including the members of the Federal Reserve Banks, lies chiefly in the fact that it overturns the doctrine of the Federal courts that a bill of lading issued by the station agent of a railroad without receiving the goods imposes no liability upon the railroad to an innocent holder of the bill. It was pointed out that the banks which advance annually several billions of dollars on bills of lading cannot see the goods, but must rely on the truth of the certification by the authorized freight agent that the goods have been received, and that it has happened in numerous cases, either to accommodate or by fraudulent collusion with a shipper, that untrue bills have been issued by freight agents upon which advances have been made with resultant loss; that it was, therefore, vitally important to the security of member banks as well as of Federal Reserve Banks which discount or rediscount bill of lading drafts that the carriers should be held liable for the truth of the representations of their authorized agents. The Federal Reserve Board, however, took no affirmative action in the matter. Chairman Adamson, of the House Committee, was also appealed

to, but he took the stand that the Interstate Commerce Commission had full power to regulate the subject and there was no occasion for further legislation by Congress. It was, therefore, found impossible to procure action by the House in the Sixty-third Congress, which duplicated the experience of the proponents of the measure in the Sixty-second Congress where, likewise, the bill passed the Senate but was not reported by the House Committee. Your Counsel believes that conditions will be more favorable in the Sixty-fourth Congress, and every effort will be made to promote the Pomerene bill through that Congress to a successful result. In the meantime, year by year, we are adding to our record of States which have passed this law, the number of State enactments down to the present being 16.

Your Counsel also interviewed the Governor of the Federal Reserve Board upon the desirability of Congress passing a law punishing the making of false statements to member banks, especially in view of the fact that the Federal Reserve Banks will rely on such statements in making rediscounts. Your Counsel believes that the Federal Reserve Board is favorably inclined toward legislation of this character and the Counsel of the Board has under advisement the framing of such a statute. It was impossible, however, to procure any action by the Sixty-third Congress on the subject and the matter will be urged vigorously in the Sixty-fourth Congress.

In my report to the General Convention at Richmond I detailed the efforts which culminated in the entire elimination by the Senate of the provisions prohibiting interlocking directorates of banks, only to be put back again in modified form by the conferees of the two Houses, whence they became law. The injustice of prohibiting a director of a National bank from participating in the management of his investment in another bank where the two institutions are in nowise competitive, even though the capital and deposits of one exceed \$5,000,000 or the banks are located in cities of over 200,000 population, is obvious, and the hope is entertained that, through a vigorous campaign, the Sixty-fourth Congress will amend the law by removing these objectionable provisions. These provisions do not take effect until two years from the date of the passage of the law, namely, October 15, 1916, and thereafter a director can hold office until the expiration of the year for which he was elected.

At the time of the Richmond Convention the Emergency Revenue measure was still pending, one of the original provisions of which imposed, on and after November 1st, an annual special tax on banks of \$2 for each \$1,000 of capital, including surplus and profits. I made a detailed statement in my last annual report of the efforts made to secure the modification or elimination of

this provision, and the Act as finally passed and approved October 23, 1914, cut this tax in half by reducing it to \$1 per \$1,000. The combined capital and surplus of the banks of the country as indicated by the Comptroller's report for 1914 approximate four and one-half billion dollars, and the reduction of \$1 per \$1,000 means a saving of four and one-half million dollars for a year, and one-sixth more for the extra two months of the life of the Emergency Revenue Act.

Efforts were made during the last Congress to secure the repeal of the collection at source provision of the Income Tax Law, or at all events its modification so as to provide only for information at source and eliminate the provisions for deducting and withholding. But members of the Committee on Ways and Means turned a deaf ear to all such suggestions and it was apparent that the time was not ripe to bring about a change in this particular. The accumulation of evidence showing the hardship and non-necessity of these provisions is being made with the co-operation of other organizations and interests. A strong fight will be made in the Sixty-fourth Congress to procure the necessary amendments.

Acting on behalf of the Committee on Federal Legislation, General Counsel has kept track of all bills introduced in the Sixty-third Congress relating to or affecting the banking interests, several hundred in number, and has been guided by the advice and judgment of the Committee with reference to his attitude and action concerning particular bills which have been destined to make headway. In the prosecution of this work frequent visits to Washington have been necessary.

During the last six months General Counsel has been kept busy upon numerous questions of interpretation of the various sections and provisions of the Federal Reserve Act, the Income Tax Act and the Emergency Revenue Act. This report will not be burdened with an enumeration of these matters. He has been successful in some instances in procuring a reversal of rulings by the Internal Revenue Commissioner in the interests of members of the Association.

The usual advisory work has been carried on in the form of opinions to members of the Association, many of which are published in the monthly JOURNAL and also upon call of different Sections and Committees. The variety of subjects thus handled covers a wide range and, of course, cannot be specifically enumerated. An extensive correspondence has been conducted, not only with members of the Association covering matters of advice and information but also with persons in every State interested in the promotion of State legislation, in which many arguments have been supplied, doubtful matters explained and objections answered.

TREASURER'S REPORT.

FINANCIAL STATEMENT, SEPTEMBER 1, 1914, TO APRIL 17, 1915, INCLUSIVE.

J. W. HOOPES.

RECEIPTS.		DISBURSEMENTS.	
Cash balance	\$20,152.70	Account membership signs.....	\$16.00
Interest on bank balances.....	2,027.72	Office Fund	1,000.00
Interest on stocks and bonds.....	3,085.00	Refund of dues, 1914-1915, overpaid.....	95.00
Extra guests, Convention.....	1,640.00	Rent, general offices.....	4,016.67
Account sale general proceedings.....	28.00	Salaries	17,485.02
Account Trust Co. Section.....	45.30	Postage, stationery and printing.....	2,318.84
Account Trust Co. Section, special account.....	30.00	Publishing and distributing Annual Proceedings	1,363.78
Account postage, stationery and printing.....	48.97	Cipher Codes	1.00
Account American Institute of Banking Section, rent	385.00	Executive Council, Vice-Presidents and State Secretaries, securing new members.....	388.26
Account Savings Bank Section.....	13.68	Furniture and fixtures, for general offices and sections	1,645.83
Account Savings Bank Section, special account	2,749.00	Extra office help	164.45
Account dues (1911-1912).....	20.00	Telephone and telegrams.....	852.61
Account dues (1913-1914).....	20.66	Treasurer collecting dues.....	1,498.51
Account dues (1914-1915).....	230,655.00	Convention expenses	3,290.03
Account dues (1915-1916).....	145.00	Auditors for 1913-1914 (Marwick, Mitchell, Peat & Co.)	100.00
Account Clearing House Section.....	57.72	Extra guests, Richmond Convention.....	1,600.00
Account Agricultural Commission.....	1,175.15	Traveling expenses	392.37
Account Fixtures and Furniture.....	14.00	Bankers Trust Co., premium on officers' bonds	25.00
Sundry small items	37.10	American Institute of Banking Section.....	7,259.50
	<u>\$262,330.00</u>		

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Savings Bank Section.....	4,327.51
Savings Bank Section, special account.....	3,285.94
Legal Department	9,609.57
Protective Committee	35,805.03
Clearing House Section.....	2,698.14
Trust Company Section.....	4,282.43
Department of Public Relations.....	4,992.28
Insurance Committee	2,716.74
Journal of the American Bankers Association.....	12,700.00
Administrative Committee	18.90
Agricultural Commission	3,998.87
Library	3,102.20
State Secretaries Section.....	95.60
Currency Commission (Special Committee of Twelve)	420.75
Committee on Federal Legislation.....	10.23
Interest, discount and exchange.....	7.68
Sundry items, supplies, renovating and cleaning	1,039.98
Balance on deposit in Continental Commercial National Bank, Chicago, Ill.	\$50,000.00
Balance on deposit in National Bank of Commerce, New York.....	29,894.40
Balance on deposit in City National Bank, Galveston, Texas...	49,810.58 129,704.98
	\$262,330.00

NOTE—Cash balance in Continental and Commercial National Bank, Chicago, Ill.	\$50,000.00
Cash balance in National Bank of Commerce, New York, N. Y.	29,894.40
Cash balance in City National Bank, Galveston, Texas (Treasurer).....	49,810.58
Cash on hand in Office Fund.....	1,000.00
Cash on hand in Journal Fund.....	44.23
Cash on hand in Clearing House Section	484.25
Cash on hand in Clearing House Section for account of books of National and State Bank Forms.....	758.32
Total	\$131,991.78

NOTE—The Treasurer holds for investment the following:	
Par Value	Carried on our books at
\$30,000.00 Atchison 4½ Bonds of 1995.....	\$30,825.00
50,000.00 C. B. & Q. Illinois Division 4½ Bonds of 1949.....	50,843.75
30,000.00 New York City Registered Corporate Stock 3½% due 1940....	25,506.67
12,000.00 C. B. & Q. Joint 4s due in 1921.	11,559.09
	\$118,734.51

REPORT OF COMMITTEE ON LAW

E. E. CRABTREE, CHAIRMAN.

Forty-one State Legislatures have held, or will hold, regular sessions during the present year, and our Committee is pleased to report that a number of bills favored and recommended by the Association have been passed in different States. Some of the State Legislatures have not yet adjourned and it is too early for a complete report upon this year's banking legislation. Such report will be prepared for the Fall meeting. From advices already received, however, a partial report of legislation accomplished will be briefly made.

The Uniform Bills of Lading Act has been passed this year in Idaho, Washington and Vermont. A strong effort was made in Missouri to pass this law, but it was defeated in the Senate. Substantially the same bill, known as the Pomerene bill, passed the Senate of the 63rd Congress, but failed in the House. The importance of this law to members of the Association who handle bills of lading is well known. With the three States added this year, the Uniform Bills of Lading Act has now been enacted in 15 States and one territory as follows: Maryland, Massachusetts, Connecticut, Illinois, Iowa, Michigan, New York, Ohio, Pennsylvania, Louisiana, New Jersey, Alaska, Rhode Island, Idaho, Washington and Vermont.

Another bill which our Association has recommended as a valuable piece of legislation for banks which loan on warehouse collateral, is the Uniform Warehouse Receipts Act. This Act has been passed by the Legislature of Idaho during the present year and is now the law in 31 States.

The Uniform Stock Transfer Act favored by this Association was also passed by the Legislature of Idaho, but was vetoed by the Governor. We have not learned the reasons upon which the veto was based.

The False Statements Act drafted by our General Counsel and recommended by the Association has been passed this year in three additional States, New Hampshire, West Virginia and Wyoming. Everyone is familiar with the object of this Act which has now been passed, either in the form recommended or by other form of enactment of the same purport, in 23 States.

Additional States have passed our measure to punish those who make derogatory statements affecting banks, namely, Delaware, Kansas and North Carolina. This measure is designed to protect banks against malicious slanderers and since this law was drafted we have been successful in procuring its enactment in 17 States.

Idaho, Indiana, Kansas and North Dakota have passed this year our bill to punish the issuing of checks or drafts without sufficient funds to meet them. In Vermont the bill has also been passed, but with the penalty changed to make the offender liable in a civil action to the person injured in which, for want of property, his body can be attached. Special legislation on this subject has now been procured in 28 states.

In Idaho and Delaware our bills covering payment of deposits in two names and in trust have been enacted, and in Kansas the Legislature has passed our bill relative to the competency of bank notaries.

The bill newly drafted last year by our General Counsel to protect a bank from excessive damages where it refuses payment of a check through error, has been passed this year in Idaho, Montana and Oregon. It also passed the Senate in South Carolina and in Utah, but failed in the House.

Aside from legislation specially recommended by our Association, the Legislatures of the States of Missouri, Montana and New Mexico have enacted new and improved general banking acts.

Bills for the guaranty of bank deposits were introduced this year in a number of State Legislatures. Our advices so far show that in Arizona, Iowa and North Dakota, bills of this character failed to pass, but in South Dakota the Legislature has enacted a revision of the Banking Law and added provisions for the guaranty of bank deposits. The new law provides for a Depositors' Guaranty Fund Commission and for the maintenance of a guaranty fund by assessment upon the banks of one-quarter of 1 per cent. on the average daily deposits yearly until the total reaches 1½ per cent. The assessments then cease until the fund is depleted below 1 per cent., when the necessary assessments may again be levied at one-quarter of 1 per cent. per annum until the fund again reaches 1½ per cent. of the average daily deposits.

From information thus far received, laws empowering State institutions to become stockholders in the Federal Reserve Banks have been passed this year in Delaware, Idaho, Iowa, Kansas, Michigan, Montana, Nebraska, North Dakota, Oregon, South Dakota and Washington. The States of Colorado, Indiana, Iowa, South Dakota, Vermont and Washington have also passed laws during the present year under which it would be lawful for National banks to exercise fiduciary powers in the State. North Carolina on the other hand has enacted

contrary legislation and in New Hampshire a law has been passed depriving all banks, including National banks under the Federal Reserve Act, from transacting any probate business.

The Legislature of Kansas at the instance of the Kansas Bankers Association has amended the Negotiable Instruments Act by repealing the section which provides that where the instrument is payable at a bank it is equivalent to an order to the bank to pay the same for the account of the principal debtor thereon. Also an act making legal the payment of checks on Saturday afternoon or upon any legal holiday. The Legislature of Washington has also enacted legislation protecting banks in doing business on Saturday afternoons.

In California, the tax rate on banks, despite the

opposition of the bankers, was increased from 1 to 1 1/4 per cent. An important bill was passed giving full negotiability to bonds, notwithstanding conditions contained therein or in the mortgage.

In Massachusetts a law has been passed fixing the limit of joint accounts in savings banks at \$4,000.

The foregoing, as stated, is only a partial summary of bank legislation enacted during the present year. At the time of the Annual Convention in the Fall when full advices will have been received from all the States our Committee will be able to make a full report. But from the information already at hand, we have cause for congratulation in the considerable number of measures recommended by this Association which have been enacted in the different States during the present year.

FINANCE COMMITTEE.

JAMES K. LYNCH, CHAIRMAN.

Your Finance Committee begs leave to report that they met at the appointed time and considered the financial condition of the Association.

The work of the Committee was much simplified by the fact that there were no requests for additional appropriations and no deficits, and that there is an excellent prospect that substantial amounts already appropriated will be unused and will revert to the general funds at the close of the fiscal year. This is particularly worthy of note, as it is the first meeting within the term of service of any of the present Committeemen that such conditions have existed.

The officers of the Association and the Administrative Committee are to be commended for the care they have exercised over expenditures.

Your Committee took up the financial statements included in the Secretary's report, section by section, and

after full inquiry and discussion, they were unanimously approved.

On motion duly seconded and passed, the Committee unanimously recommended that the payment of six months' salary, or \$1,250, be authorized to the widow of the late W. W. Waite, an old and faithful employe, and that this amount be paid in eleven installments of \$100 a month and a final payment of \$150.

The sub-committee on Auditing and Inventory submitted a report recommending that the investments of the Association now carried on the books at \$118,734.51 be written down to an even \$114,000; the amount of \$4,734.51 written off to be divided between the different securities with reference to the present marked prices.

This report was adopted by the Finance Committee and is now submitted for your approval as a part of their report.

INSURANCE COMMITTEE.

OLIVER J. SANDS, CHAIRMAN.

The work of the Insurance Committee of the American Bankers Association has continued to grow both in importance and volume since its report to the Association on October 12, 1914. Inasmuch as the Committee at that time was discontinued as a Council Committee and was made a special Committee of the Association, it had not been our purpose to burden you with a report at this time. We are, however, confronted with a matter of such importance that we feel it necessary after having conferred with the Administrative Committee to report the same to you, and to request your attention thereon.

This Committee when first appointed believed that the rates on burglary insurance sold the member banks of this Association were too high. Although we were assured by the insurance companies that no material amount of profit was made upon this class of business, we began the accumulation of such data as would determine the facts as related to our membership. We found from the work of a previous Insurance Committee that 10,174 member banks paid in 1911 \$434,042.86, and received in return paid claims amounting to \$30,383.00, or seven per cent. of the premiums. From such information as we were able to get we estimated the cost of burglary insurance to the member banks for the year ending September 1, 1913, at \$600,000. The claims paid to the member banks for that period amount to \$30,823.27, or approximately five per cent. of the premiums. With the increase in the membership of this Association and the more general use of burglary insurance by the banks of the country, we figure the expenditure of the member banks for burglary insurance for the year of 1914 to be approximately \$700,000. The claims paid the member banks for that period will aggregate approximately \$70,000, or 10 per cent. The actual burglaries occurring during 1914 involved no greater losses to the insurance companies than in previous years. Because of disturbed industrial conditions there occurred last year a greater number of holdups and robberies (not burglaries effected by entry into safes or vaults). This was regarded as something of an epidemic resulting in a bad

year for the insurance companies, and yet the insurance companies returned to the member banks through payment of claims on insurance of this sort only 10 per cent. of the premiums paid by the banks.

This Committee gave the widest publicity to these facts through its report to the Association, through the columns of the JOURNAL-BULLETIN, and other banking and insurance journals, through its daily correspondence with member banks all over the country, and in addresses delivered before bank conventions of various States by members of the Committee. The insurance companies have been invited to show wherein the conclusions of your Committee may be incorrect, but up to this time they apparently have been unable to do so. Instead the true situation is recognized by at least one of the leading insurance companies, the Casualty Company of America, and after various conferences with this Committee and with the officers of the Association and the members of the Administrative Committee, that company has submitted a proposal involving a 20 per cent. saving on burglary insurance bought from the company by member banks. The proposal is as follows:

B. A. RUFFIN, Secretary,
Insurance Committee A. B. A.,
Richmond, Va.

Dear Sir:—We have now worked out a proposition along the lines we have been discussing and which we believe will prove satisfactory. We are suggesting as follows:

"1. Secure Secretary of State Bankers Association as a sub-agent of the general agent or agents of the State.

"2. Issue a certificate with the policy to members of the American Bankers Association, substantially as follows:

"In consideration of the warranty to maintain the service of the Protective Committee of the American Bankers Association, during the life of the policy, and each and every renewal thereof by the Bank, insured under Policy No. of

the Casualty Company of America, the company agrees that it will pay 20 per cent. of the premium annually to the American Bankers Association, in consideration of the protection afforded against loss by burglary and robbery by the said Protective Committee of the American Bankers Association and for the services rendered by said Protective Committee, in the investigation of claims made by said bank.

"The business shall be confined to select classes of risks to be specified in the contract and by general rules."

You will notice that the proposition contemplates a flat 20 per cent. of all premiums regardless of profits or losses in individual risks and is in addition to the commission of 25 per cent. paid to the Secretary of the State Bankers Association as agent.

This proposition involves an acquiescence on the part of the American Bankers Association of receiving the 20 per cent. and also contemplates our following their investigators' findings in making adjustments. To that end we would wish to be supplied with a copy of the investigation of each bank burglary case handled by the Protective Committee.

We would like to have you go over this subject carefully and take it up with proper officials if such is necessary to ascertain the attitude of the American

Bankers Association towards the proposition if it meets with your approval, and we will be glad to receive further suggestions if you have any to offer.

CASUALTY COMPANY OF AMERICA,

A. U. Quint, Manager Burglary Department.

This means an opportunity to save in the aggregate approximately \$140,000 per annum on this form of insurance alone. The member banks of this Association should be recognized as a preferred class of insurance risk. During 1911 the burglary claims paid the member banks were, as above stated, only seven per cent. of the premiums paid by the member banks, while during the same period the claims paid non-member banks were 61 per cent. of the premiums. The activities of the Protective Department are recognized by the Casualty Company of America as a material factor in keeping down the burglaries and robberies in member banks, and in consideration of the continued maintenance of this protection, the insurance company is prepared to pay as outlined in the above proposal.

We do not contemplate the exclusive recommendation of one company. Proposals for reduction in rates may be received from any company, and we regard the proposal now before us a condition that if vigorously followed out by this Committee will result in the flat reduction of bank burglary insurance rates by all companies.

COMMITTEE ON FEDERAL LEGISLATION

W. H. BUCHOLZ, CHAIRMAN.

The Committee on Federal Legislation has kept in close touch with all matters of legislation affecting the interests of members of the Association which were introduced in the last Congress. The 63d Congress was memorable in respect to continuity, having been in continuous session during the entire two years of its existence, beginning with an extra session immediately after the inauguration of President Wilson which merged into the first regular session in December, 1913; the long session continuing up to the beginning of the short session in December, 1914, which, by operation of law, closed on March 4, 1915.

During the sessions of the 63d Congress four principal measures became law in which this Association was especially interested.

The Income Tax Act, approved October 3, 1913.

The Federal Reserve Act, approved December 23, 1913.

The Clayton (Interlocking Directorate) Act, approved October 15, 1914.

The Emergency Revenue Act, approved October 23, 1914.

During the progress of the Income Tax bill through Congress our Committee, acting through its individual members and General Counsel of the Association, secured its modification by the exemption of mutual savings banks and also an amendment to make it clear that no deduction at source would be required in respect of interest on bank deposits, but did not succeed in the larger effort to eliminate entirely the provisions as to withholding at source nor to restrict such provisions to the mere giving of information at source. Shortly after the passage of the Income Tax Act, the policy was determined upon of urging its amendment so as to do away with the collection at source feature entirely or, if that could not be attained, then to seek its amendment by providing for information at source, eliminating deduction and collection, and also simplifying the provisions of the law. A number of bills were introduced in the 63d Congress along these lines, but the Committee on Ways and Means, to which these bills were referred, announced that they would not take action on any bills of this character during that Congress. Our Committee propose to conduct an active campaign to procure amendment of the Act by the 64th Congress, and part of its activity will be devoted to the accumulation of detailed evidence which will show the great expense to which banks are put in carrying out the collection at source provisions of the law and that such provisions are not necessary so far as the Government is concerned.

Since the passage of the Federal Reserve Act on December 23, 1913, three amendments have been adopted:

The Act of August 4, 1914, which amended Section 27 to make more generally available the temporary provisions of the Federal Reserve Act relating to National bank circulation.

The Act of August 4, 1914, which amended Section 27 to make more generally available the temporary provisions of the Federal Reserve Act relating to National bank circulation.

The Act of August 15, 1914, amending Section 19, sub-sections b and c, of the Federal Reserve Act relating to reserves.

The Act of March 3, 1915, amending the Federal Reserve Act relative to acceptances by authorizing the Federal Reserve Board in its discretion to increase the amount of acceptances based on the importation and exportation of goods which a member bank may discount and a Federal Reserve Bank rediscount.

The Clayton Anti-Trust bill, so far as it related to interlocking directorates of banks, was opposed by our Committee and General Counsel acting in our behalf. A number of modifications were secured in the House, while in the Senate still greater success was attained, for the interlocking directorate provisions were entirely eliminated. They were restored to the bill, however, by the conferees of the two houses and thus finally became law. The various steps taken during the progress of this measure have been detailed in previous reports and need not be repeated. The interlocking directorate provisions do not take effect until two years from the passage of the Act, and it is the intention of our Committee to urge the amendment of the Act by the 64th Congress by the elimination of these unjust provisions.

The Emergency Revenue Act is, of course, but a temporary affair, for it provides that no taxes shall be levied thereunder after December 31, 1915. As originally introduced it provided a special tax upon banks of \$2 for each \$1,000 of capital. Our Committee filed a protest with the Committee on Ways and Means against the injustice of this provision for the reason that such tax, by singling out one class of corporations instead of spreading the burden over all corporations alike, was discriminatory and unfair. We urged a readjustment of the bill in this particular and a personal argument was made by our General Counsel to Mr. Underwood, in which he urged that banks were now heavily overtaxed in different ways and that it was unjust to single out one class of corporations alone instead of distributing the tax burden over all

corporations alike. An active campaign was conducted through circulars to all the Clearing Houses and State Bankers Associations in the United States, to whom it was suggested that they make immediate independent protest and that their members present arguments to individual Senators and Congressmen. As a result of this agitation the proposed tax on bank capital was reduced from \$2 to \$1 for each \$1,000.

In addition to the four measures above set out, our Committee has kept track of a number of subjects of legislation affecting the banking interests upon which bills were introduced in House and Senate during the 63d Congress, none of which finally passed that body. These included the bills relating to Rural Credits, Postal Savings legislation, to authorize cumulative voting for bank directors, the guarantee of bank deposits and a number of other subjects.

In the matter of rural credits space will not be taken in this report to detail all the various bills introduced and the specific character of legislation therein proposed. But during the last week of Congress when the subject of rural credits was understood to be postponed until the next Congress, awaiting further investigation, the Senate in passing the Agricultural Appropriation bill added a rider (being the McCumber bill S. 6692) providing for Government loans to farmers on bond and mortgage at 5 per cent. through the agency of National and State banks, the Government to issue $4\frac{1}{2}$ per cent. 10 or 20 year debenture bonds and sell them to investors. The House thereupon passed the Agricultural Appropriation bill, but substituted for the McCumber rider the provisions of the Hollis Bill (S. 5542), which as modified followed the general lines of the Federal Reserve Act, providing a Federal Farm Loan Board, Federal Land banks in Federal Reserve districts, and local loan associations with minimum capitalization of \$10,000 to loan on farm mortgage security and sell the mortgages to the land bank of the district, the latter to issue investment bonds based upon the mortgage security. The House, however, added a provision calling for the purchase by the Government from the Federal Land banks of not exceeding \$50,000,000 yearly of farm loan bonds, the Government to provide means therefor by the issue of Panama Canal bonds bearing interest at $3\frac{1}{2}$ per cent. The Senate and House conferees, however, eliminated the rural credits feature, being unable to agree, the chief point of difference being the inclusion or exclusion of the Government aid feature. No rural credits legislation was therefore enacted by the 63d Congress except that the following provision inserted by the conferees in the Agricultural Appropriation Bill, became a law:

"There is hereby constituted a joint committee of the Senate and House of Representatives to consist of the chairman of the Senate Committee on Agriculture and Forestry, the chairman of the House Committee on Agriculture and the chairman of the Committees on Banking and Currency of the two houses and two other members of each of said committees to be designated by the chairmen of the respective committees, and it shall be the duty of said joint committee to prepare, after such investigations as may be deemed necessary, and report to the Congress on or before January 1, 1916, a bill or bills providing for the establishment of a system of rural credits adapted to American needs and conditions.

REPORT OF MEMBERSHIP COMMITTEE.

E. S. KENNARD, CHAIRMAN.

The Committee has not been active since the Richmond Convention for the reason that nothing in the way of special business has been submitted.

Probably at a later date some action will be taken in an endeavor to get in touch with some of the members of the Association in the various sections of the country calling for their co-operation towards increasing the membership. In this way there may be produced an incentive to make special efforts in enlarging the membership of the Association.

Since the present General Secretary has been in office (1907) the following figures relating to membership and annual dues should prove interesting:

The sum of \$10,000 is hereby appropriated, the same to be immediately available out of any funds in the Treasury not otherwise appropriated, to defray all necessary expenses of said joint committee, payment of said expenses to be made upon vouchers approved by the chairman of said joint committee, who shall be selected by the committee."

Bills were introduced in the 63d Congress to amend the Postal Savings law which limits deposits of any one person to not more than \$100 per month with total deposit limited to \$500 exclusive of accumulated interest. These sought to remove the monthly restriction and enlarge the aggregate and also to amend the Federal Reserve Act by allowing postal savings funds to be deposited in other than member banks. Without detailing the history of this legislation a bill (H. R. 7967) finally reached the President, which removed the \$100 a month limit, and enlarged the existing \$500 interest-bearing limit by a proviso that the Board of Trustees might in its discretion accept additional deposits not to exceed an aggregate of \$500 for each depositor upon which no interest should be paid. This bill, however, was vetoed by President Wilson on September 11th because it contained a provision allowing postal savings funds to be deposited in other than member banks. Following this veto, bills were introduced in House and Senate along the same lines with the exception of the feature disapproved by the President and later a rider was attached to the Post-Office Appropriation bill wherein the postal savings depositor was allowed to have an interest-bearing deposit of \$1,000 and an additional \$1,000 without interest in the discretion of the Board of Trustees. This rider after passing the House was struck out by the Senate and the entire Post-Office Appropriation Bill failed to pass before close of the session. As a consequence the Postal Savings law with reference to deposits in the Postal Savings banks remains unchanged by any legislation in the 63rd Congress.

So far this report has dealt with subjects of legislation, both enacted and not enacted, as to which the bankers have either been opposed or at all events not the active proponents. Concerning legislation which the Association has affirmatively favored in the 63rd Congress, our Committee has been active in urging the passage of S. 387, the Pomerene bill relating to Bills of Lading. This bill passed the Senate unanimously on June 9, 1914, but failed in the House. We had the same success in the Senate of the 62d Congress with like result in the House. Our Committee is preparing an active campaign for the promotion of this measure in the 64th Congress, and we trust to have better success. Conditions of legislation in the 63rd Congress, which it was impossible to overcome, crowded out all opportunity for consideration of this measure in the House.

Our Committee also intends to urge for Federal enactment legislation designed to punish the making of false statements to Federal Reserve and member banks. In connection with the policy of the Federal Reserve Board to require rediscounting banks to give full and complete information as to the financial responsibility of the borrower, it would seem important that Congress should supplement this by legislation punishing borrowers who make false statements to any Federal Reserve or member bank.

Fiscal Year Ending.	Membership.	Annual Dues.
August 31, 1907	9,251	\$150,795
August 31, 1914	14,720 (estimated)	239,406
Increase	5,469	\$88,611
Of the number (14,720) as of August 31, 1914, the membership consisted of the following:		
5,298 National Banks.		
6,025 State Banks.		
921 Private Banks.		
1,324 Trust Companies.		
1,152 Savings Banks.		

The membership reported by the General Secretary

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as of April 17, 1915, is 14,753. [For detailed report by States see General Secretary's report.]

On May 1, 1914, there were 14,298 members from which a deduction of 443 should be made on account of failures, mergers, liquidations and delinquents, leaving a net membership of 13,855.

The General Secretary reports on April 17, 1915, a

paid membership of 14,753, which is an increase of 898.

The present method of securing members is by direct efforts through the co-operation of the officers of the Association, members of the Council, Vice-Presidents of the various States, State Secretaries, and through the office of the General Secretary.

Much credit is due to those through whose efforts your membership has been increased so largely.

REPORT OF THE PROTECTIVE COMMITTEE.

New York, April 1, 1915.

To the President of the American Bankers Association for report to the Executive Council:

The Protective Committee submits herewith its semi-annual report for the period covered from September 1, 1914, to March 31, 1915.

FINANCIAL STATEMENT.

The financial statement will be published in the pamphlet containing financial statements.

ARRESTS.

For the period from September 1, 1914, up to and including March 31, 1915, the committee begs to report as to its operations against criminals, as follows:

Total cases not disposed of arrested prior to September 1, 1914	95
Total arrests since September 1, 1914.....	210
.....	305
Convicted	136
Released, escaped, insane and died.....	56
.....	192

Awaiting trial 113

Since the beginning of the fiscal year, September 1, 1914, up to and including March 31, 1915, there have been nineteen burglaries and attempted burglaries on members, and twenty-three similar crimes on non-members, as follows:

MEMBERS. NON-MEMBERS.

Alabama	2	..
Arkansas	2	4
Colorado .....	..	1
Florida	2	..
Illinois	1	1
Indiana .....	..	3
Iowa .....	..	2
Kansas	1	1
Kentucky .....	..	1
Louisiana	1	..
Mississippi	1	1
Missouri	2	..
Montana	2	..
New York	1	1
North Dakota .....	..	1
Ohio	1	1
Oklahoma .....	..	3
Oregon .....	..	1
Tennessee	1	..
Washington	2	2

Of the attacks on members eight were successful burglaries, eleven unsuccessful burglaries.

Of the attacks on non-members thirteen were successful burglaries, ten unsuccessful burglaries.

The loss sustained by members in connection with

burglaries was \$7,733.55, while the loss sustained by non-members amounted to \$21,852.84.

There have been twenty-three hold-ups on members with a loss of \$52,743.22, also six sneak thefts with a loss of \$19,540.

During the same period, September 1, 1914, to March 31, 1915, there have been thirty-one hold-ups on non-members with a loss of \$58,688.61, but no sneak thefts.

Our members as a rule report all attacks on them, also the exact loss sustained; while on the other hand non-members rarely report attacks on them or the loss sustained, with the result that we do not obtain a record of some of these attacks or losses sustained.

The following figures are given for your information of reported and attempted burglaries on banks since the inauguration of the Protective Feature, such as are known:

Non-members.....	1,491	Loss.....	\$2,130,128.92
Members.....	414	Loss.....	254,784.88
Difference.....	1,077		\$1,875,344.04

FORGERS AND BOGUS CHECK OPERATORS.

There has been no marked increase in the number of forgers and bogus check operators as far as the professional operators are concerned for the past seven months. In fact, seventy-five per cent. of such operations are that of amateurs, and no doubt this is due to the large number of unemployed throughout the country.

CORRESPONDENCE.

During the past seven months ending March 31, 1915, the Protective Department has received 15,754 reports and other communications from our Detective Agents. The Department has also received 800 letters and telegrams, and written 1,728 letters and telegrams. These figures do not include circular letters and similar communications.

PHOTOGRAPHS.

The Department now has 4,222 photographs of criminals, comprising "yegg" burglars, hold-up men, sneak thieves, forgers and bogus check operators, with a complete record of each.

OFFICES OF OUR DETECTIVE AGENTS.

The Wm. J. Burns International Detective Agency, Inc., now have twenty-two offices of their own in this country, as follows: Birmingham, Ala.; Los Angeles and San Francisco, Cal.; Denver, Col.; Chicago, Ill.; New Orleans, La.; Baltimore, Md.; Boston, Mass.; Detroit, Mich.; Minneapolis and St. Paul, Minn.; Kansas City and St. Louis, Mo.; Buffalo and New York City, N. Y.; Cleveland, O.; Portland, Ore.; Philadelphia and Pittsburgh, Pa.; Houston, Texas; Seattle and Spokane, Wash., and one correspondent at Des Moines, Iowa.

They also have offices of their own in London, England; Paris, France; Brussels, Belgium, and Montreal, Canada. Our Detective Agents have recently opened up their office at Spokane, Wash.

DETAILED REPORT.

L. W. Gammon, Manager of the Protective Department, will read his report to the Executive Council, which covers matters pertaining to the Department other than those contained in this committee's report.

For more detailed information relative to individual cases and the work accomplished we respectfully refer you to the monthly JOURNAL-BULLETIN, which gives a detailed account of what is being performed each month by our Detective Agents under the supervision of the Protective Department.

All of which is respectfully submitted.

THE PROTECTIVE COMMITTEE,
FRED. E. FARNSWORTH, Secretary.



CONVENTION HEADQUARTERS HOTELS AT SEATTLE.

ARRANGEMENTS FOR SEATTLE CONVENTION

Arrangements for the Seattle convention are rapidly taking definite form, and it is now possible to give the members some idea of the preparations being made by the local bankers for the comfort and entertainment of those who attend. Committees have been appointed, headquarters selected, and while it is still too early to set forth the various features of entertainment, full assurance is given that nothing will be left undone to make this year's gathering the proverbial "better than ever."

The week beginning September 6th has been finally chosen as affording the best chance of seeing Seattle under favorable weather conditions, as well as providing the best time of the year for the various side trips proposed.

Headquarters will be in the Washington Hotel, Washington Annex, Washington Apartments and the St. Regis Hotel, which are all one for practical purposes, and in the immediate neighborhood of which are located several other good smaller hotels, affording to a number of the earliest applying regular members first class accommodations only a step from headquarters. The selection of headquarters now waits upon official confirmation from the Executive Council of the American Bankers Association. There are many hotels in Seattle, however, and the Hotel Committee has selected out of these a sufficient number of good hostleries, as compactly located as possible, to furnish in the neighborhood of 2,500 rooms, the majority of which will be with bath. It is safe to say there will be ample accommodations for all who attend.

In this connection it is well to mention here a fact which, through publicity at this time, should prove an economy in several ways, and that is a large majority of the rooms are in suites of two each with connecting bath, and where it would fall within the limits of convenience and comfort of a member applying for reservations to request rooms so situated, and include in his application some other member or members with whom he would be congenial, or with whom he has been so associated in previous conventions, it would insure greater comfort to a larger number than could otherwise be secured. This is simply thrown out as a suggestion, in the presumption that the members at large will be glad to co-operate with the Hotel Committee for their own comfort.

The various local committees have been selected with the greatest care, so as to secure the best possible results in each field. For the information of the members the personnel of all committees as thus far constituted is given below.

Executive.—Chairman, M. F. Backus, President National Bank of Commerce and President Seattle Clearing House Association; Secretary and Treasurer, J. W. Spangler, Vice-President Seattle National and Secretary Seattle Clearing House Association. Associate members—N. H. Latimer, President Dexter Horton National; J. E. Chilberg, Vice-President Scandinavian-American Bank, and G. V. Holt, Manager Seattle Branch of the Canadian Bank of Commerce.

Hotel.—Chairman, J. T. McVay, Vice-President Metropolitan Bank; Secretary, F. Dickinson; also R. N. MacMichael, Assistant Secretary Dexter Horton

Trust & Savings Bank, and Rollin Sanford, Assistant Cashier Union Savings & Trust Company.

Finance.—Chairman, C. J. Smith, President Dexter Horton Trust & Savings Bank, who will act with the Executive Committee.

Auditing.—Chairman, E. Shorrock, President Northwest Trust & Safe Deposit Company; A. R. Truax, Assistant Cashier First National, and W. W. Scruby, Secretary Dexter Horton Trust & Savings.

Publicity.—Chairman, N. B. Solner, Cashier Union Savings & Trust Company; also M. J. Shaughnessy, Scandinavian-American Bank, and Lester R. McCash, American Savings Bank & Trust Company.

General Entertainment.—Chairman, J. H. Edwards, Vice-President Dexter Horton Trust & Savings Bank.

Ball.—Chairman, James D. Hoge, President Union Savings & Trust Company.

Music.—Chairman, F. K. Struve, President Seattle National.

Transportation and Excursion.—Chairman, J. A. Swallow, Vice-President National Bank of Commerce.

Automobile.—Chairman, J. W. Maxwell, President National City Bank.

Decoration.—Chairman, E. L. Grondahl, President State Bank of Seattle.

Information and Utility.—Chairman, J. W. Spangler, Vice-President Seattle National.

Clubs.—Chairman, M. A. Arnold, President First National.

Ladies.—Chairman, Mrs. M. F. Backus.

The Reception Committee will be created in the near future, and the other members of the sub-committees are being selected.

With good weather during the week of September 6th, for which there is more than a fair chance, the enjoyments of out-door life in themselves would constitute full entertainment and complete recreation for the whole period, as in their broad scope they will comprehend a study of the city and its institutions, both municipal and private, sight-seeing in and from the vantage points of the various beautiful city parks, delightful trips by fast steamers to nearby sound ports, presenting en route the picturesque charms of broad waters, inlet, island and mountain; little journeys by interurban traction lines to other interesting cities of the sound and interior, through a country of beauty, grandeur and wonderful promise; trips by automobile out of the beaten paths, through wilds of original forest of giant growth, along margins of placid lakes with which the mountain defiles are be-gemmed, through gorge after gorge, on the edge of sheer declivities, to the very fronts of glaciers whose proportions inspire the last degree of wonderment, to the feet of falls whose tumbling waters come from heights greater than Niagara.

Lists of the guests as arranged for by the Hotel Committee will be given to the transportation companies from time to time, and they will in turn forward to the delegates descriptive folders and schedules, covering all transportation information, and will gladly answer any and all questions falling within their jurisdiction and informational limits.

TRUST SECTION COMMITTEE DECIDES TO TEST CONSTITUTIONALITY OF SEC. 11, PAR. K.

The Trust Company Section of the American Bankers Association has decided to test the constitutionality of Section 11, Paragraph K, of the Federal Reserve Act, in which provision is made for granting trust company powers to National banks. For this purpose John G. Johnson, of Philadelphia, and Henry M. Campbell, of Detroit, have been retained as counsel.

This decision was reached by the Executive Committee of the Trust Company Section after the Administrative Committee of the A. B. A. had decided that it would be injudicious for the organization to begin proceedings to test the constitutionality of the provision mentioned. The president of the Trust Company Section appointed the following committee to have charge of the details of the suit: Uzal H. McCarter, chairman; Ralph W. Cutler, of Hartford, Conn.; John H. Mason, of Philadelphia; John W. Platten, of New York, and E. D. Hulbert, of Chicago.

In a statement announcing the committee's decision to engage counsel and start proceedings Mr. McCarter said:

"That course * * * seemed to have been made imperative because of the decision of the Federal Reserve Board that it was no part of its duty to test any constitutional questions in regard to the law under which it was acting; that it must take the law as it found it, and that if the act, or any part of it, was of doubtful constitutionality the initiative in any proceeding to determine the matter must of necessity fall upon those who raised the question."

Henry M. Campbell, of Detroit, filed a brief with the Federal Reserve Board in behalf of the Union Trust Company of Detroit in which he attacked the constitutionality of the paragraph mentioned. Extracts from this brief were printed in the JOURNAL-BULLETIN for April. The opinion given by John G. Johnson follows:

OPINION OF JOHN G. JOHNSON.

I am asked to express my opinion as to whether with or without the assent of the Legislature of any State, a National bank specially permitted by the Federal Reserve Board to act as trustee, executor, administrator or registrar of stocks and bonds may in such State act in either of those capacities if such action be not in contravention of State law.

The supposed power of the Federal Reserve Board to grant to a National bank power thus to act is to be found in Section 11 (k) of the Federal Reserve Act in these words:—

"(k) To grant, by special permit to National banks, applying therefor, when not in contravention of State or local law, the right to act as trustee, executor, administrator or registrar of stocks and bonds, under such rules and regulations as the said Board may prescribe."

I think this provision may be construed as one in which, so far as Congress is concerned, the power is conferred upon National banks generally, applying therefor, if a special permit be granted.

I do not view this section as one vesting in the Federal Reserve Board the power to confer the franchise; but simply as enabling it to determine under what circumstances the power shall be exercised.

I am not clear that my interpretation of the section recited is not too liberal; but I am disposed to accept it as the correct one.

In answering this question certain points must be considered.

1. Is it within the power of Congress to confer upon a National bank the power in question?

2. If the power can be conferred, who can object to its exercise?

3. Even if Congress cannot confer the power, may the State by express legislation authorize the exercise of the same by a National bank within its limits?

1. Is it within the power of Congress to confer upon a National bank the power in question?

In my opinion this question must be answered negatively. No express power is conferred upon Congress to create corporations. Such creation must be found in implication. The power must exist as a reasonable incident in the exercise of expressly granted powers.

The right to incorporate National banks was found by the Supreme Court in a necessity, properly and sufficiently, to exercise expressly granted powers.

I do not believe it would be contended that it is within the power of Congress to create corporations simply for the purpose of doing the things specified in this section.

I know of no express power which reasonably could be held to require, or fairly to permit, an incorporation for such purpose.

Does the matter stand differently by reason of the fact that corporation (a National bank) legally created under Federal legislation, has been granted the powers under consideration?

Of course, the right to create a National bank carries with it the power to confer upon such bank the doing of those things which are usually a part of the business of banking. It does not necessarily follow because at the date when the Supreme Court first decided in favor of the power to create such bank, certain things were not usually done by banks, that if, at the present time, the doing of additional things has become an ordinary part of a bank's powers, that a bank may not now be created with such additional powers as usage and custom now sanction.

It is very difficult to see how the doing of the things specified can in any way promote a National bank's purposes or be incidental to a National bank's ordinary powers, especially in view of the fact that the doing of these things is essentially the doing of something within each particular State and is a local act.

In my opinion, at the present time there is no such custom or usage as makes the doing of the things specified a necessary or ordinary or usual part of a National bank's transactions.

In my opinion, Congress has no power to create a corporation for the special purpose of acting as executor, trustee, registrar, etc., or to confer upon the corporation which it has authority to create, the power to do such things and thus to intermeddle with matters preeminently those to be transacted within the State for the benefit of its citizens.

If Congress has power to create a corporation for such purposes, the situation of the trust estates taken charge of by National banks will be anomalous. The bank as a Federal creature is subject to Federal and not to State law. It is very necessary that from time to time the affairs of a trustee corporation shall be subjected to examination and adverse criticism by the parties interested in the trust estates and by the Courts having jurisdiction of the same.

What power will the State Courts have to investigate or in any way control, supervise, or

prescribe, the action of a National bank or of its officers?

The National bank must have a franchise which enables it to do the things in question. Such franchise, I think, is one which is utterly beyond the province of Congress to confer.

2. If the power can be conferred, who can object to its exercise?

(a) In the first place, I think it is within the power of the United States to question the exercise by a National bank of such franchise. The fact that legislation permits does not settle the matter, if the legislation be unconstitutional.

A National bank may be very seriously hampered in its operations by its assumption of trust and other duties, foreign to its purpose.

(b) The stockholders of a National bank have a right to complain of any act *ultra vires*. It may be that they will not find it to their interests to oppose; but a minority stockholder sometimes opposes for other reasons than those which should properly influence him. A holder of shares in a National bank, who contributed his capital in order that a banking business might therewith be conducted, may well object to the corporation being exposed to liability in a line of business like that of acting as trustee or executor. He would have probably the same right which would exist in the stockholder of a corporation organized for the manufacture of silk products to obtain an injunction against the manufacture of steel.

(c) Certainly, unless it expressly permits, the State in which the National bank seeks to transact trust business may object thereto.

(d) Lastly. *Cestuis que trustent* certainly, in the absence of approving State legislation, may contest the right of a National bank to assume the administration of property in which they are interested.

3. Even if Congress cannot confer the power, may the State by express legislation authorize the exercise of the same by a National bank within its limits?

In considering this question I am not dealing with a matter in which there is contravening State law. The lack of such contravention is made, by the statute itself, a condition precedent to the exercise of the power.

I do not think that under any circumstances a National bank could exercise trust functions within the State, simply because there was no contravening law. The lack of power conferred by the Federal grant would unquestionably require an express authorization by the State of its exercise.

I am dealing with the question of whether or not the State may expressly confer the power upon a National bank to exercise within its limits the office of trustee, executor or registrar.

It may seem at the first glance that the State, which may permit foreign corporations to exercise within its limits their franchises and which may permit individuals and associations of individuals to act as trustees and executors, may expressly confer upon a National bank, though not legally authorized to be a trustee or executor, the power to act as such.

I think, however, that it is only a superficial view which will concede to the State such power.

The National bank, if I am right in the opinion I have hitherto expressed, has no Federal power to exercise the franchise. It is a corporation not created with power to be a trustee or executor.

In what capacity will it act within the State?

Of course, a State may grant a franchise; but can it grant it to a National bank if such bank is not a corporation of the State?

It is not a corporation of any State, so far as regards what it is doing. The corporate immunity does not embrace the act which it is doing.

If a National bank fails in the discharge of its duty and loss ensue, the *cestuis que trustent* will

have no protection. The bank may claim that an act *ultra vires* by it done carries with it no liability. The persons who deal with the corporation are bound to know the extent of its charter powers.

It is possible that all the stockholders of a National bank may be so complicated with knowledge of its acting in the State as trustee that the corporation may be estopped from a defense; but this is problematical and those who deal with a corporation ought not to be compelled to rest upon an estoppel for an enforcement of their rights.

It has been held that a corporation can exercise its franchise extra-territorially, so far as may be permitted by the policy or comity of another State, and that by such consent it may transact therein business not *ultra vires*; but it has also been held that it cannot, by virtue of a grant of power in one State, in another State exercise a franchise not conferred upon it by the sovereign which creates it.

See Thompson on Corporations, 2nd Ed., Vol. 5, 6627; Story's Conflict of Laws, 8th Ed., Sec. 1061; Mayor of Knoxville, *vs.* Africa, 77, Fed. 501; Metropolitan Bank of New York *vs.* Godfrey, 23 Ill. 599; Diamond Match Co. *vs.* Powers, 51 Mich. 145; and Relf. *vs.* Rundle, 103 U. S. 222.

I am therefore of the opinion not only that in the general provisions for grant of trust powers within any State there must be no contravention of the exercise of such power by a National bank; but that even if express power be conferred on such bank so to act by the legislation of a State the bank still is without such power.

In my opinion the Courts could refuse to appoint National banks as trustees, even though requested by the parties in interest; could remove them from such trusteeships; and would be obliged to restrain them at the instance of those interested in trust property.

What would be more anomalous than the acting as trustee by a National bank, which had no legal power under its charter so to do, under a supposed grant of power by the State?

Would the National bank be two corporations or one?

Would it be amenable to discipline by the State?

In conclusion, I refer to the existing legislation in Pennsylvania with reference to the power now existing in a National bank by reason thereof, to act as trustee in Pennsylvania if permitted by the Federal Reserve Board.

I think there are such provisions with regard to corporation trustees and executors as are in contravention of a power in a National bank to act. In any event they are so inconsistent with actions by a National bank as trustee within this Commonwealth that I think it would be impossible for condition of responsibility on the part of the trustee, it to take such action under existing legislation.

It would seem to me that it would be to the last degree inadvisable for the State to grant the power and thus bring about (1) a conflict as to the legality of the grant, and (2) a most anomalous condition of responsibility on the part of the trustee.

ASSOCIATE EDITORSHIP OF THE JOURNAL-BULLETIN.

The death of W. W. Wayne, associate editor of the JOURNAL-BULLETIN, just prior to the Spring meeting of the Executive Council, made an early choice of his successor desirable. After due consultation with the Administrative Committee, General Secretary Farnsworth appointed George Lewis of New York, who has been engaged in various lines of newspaper and magazine work for over eleven years and for six years past has been managing editor of "The Financier." Mr. Lewis assumed his duties with the Association May 1st.

State Rural Credit Systems Are Still in an Experimental Stage

Comprehensive Survey in Wisconsin Seems to Disprove the Theory That There Is an Urgent Demand for a Land Mortgage Bank There—People of Missouri will Vote on Appropriating \$1,000,000 to Capitalize a State Land Bank—Wisconsin Investigators Think it More Important to Establish a System of Personal Credit—A Test by U. S. Agricultural Department in Massachusetts—What Bankers Could Do.

The States have made more progress with rural credits systems than the National Government. Rural credits laws in force are of various kinds. The favorite plan is to establish a land bank which will issue debentures against mortgages purchased from some local organization authorized by the law. The issue of debentures, the loan of money on long time and repayment by the amortization plan are the essential features which seem to have appealed most strongly to those who have undertaken to solve this vexatious problem. In a few States provision has been made for co-operative credit associations through which short-term loans could be made. Little advantage seems to have been taken of either of the two systems. In no State does experience under the law seem to give warrant for the assumption that there is any great demand from the farmers for further or different credit facilities.

The investigations and surveys seem to have been carried farther in Wisconsin than in any other State. Wisconsin is a typical agricultural commonwealth. The southern part is well developed and its farmers have long been prosperous. They are lenders rather than borrowers. The northern part of the State, where lumber manufacture was formerly the great industry, is now being claimed for agricultural uses. The Wisconsin problem therefore was to get the investment funds from the southern part of the State into service for the development of the new farms in the north. Under the law passed in 1913 only two land mortgage associations have been formed, one at Eau Claire, in the extreme western part of the State, and the other at Marinette, on the Michigan border in the northeast. How much business they have done is not reported. Through its agricultural experiment station Wisconsin has made a comprehensive survey of two representative counties. The results do not attest the pressing need for the law that was passed.

EXPERIMENT IN MASSACHUSETTS.

Secretary Houston of the Department of Agriculture has not been convinced by his investigations that there is demand for a rural credit system, national in scope. His reports have shown clearly that he was opposed to the lending of Government funds on farm lands. He

said that it is only in the South and West that he has found any particular lack of credit facilities and rates of interest that seem to be excessive.

The Federal Bureau of Markets of the Agricultural Department is reported to have selected several towns in Hampden County, Massachusetts, for an experiment in the application of its co-operative credit plan. The Boston "Transcript" says:

"The plan that the Government proposes contemplates the organizing of associations among farmers. The farmers who join these associations jointly and severally assume the liability for the votes given by the members under a written agreement or guaranty giving the members the necessary credit up to a specified amount. The prevailing rate of interest in Hampden County would not be more than six per cent. The banks would then discount the notes given in accordance with the guaranty without being indorsed. This will make money easily and readily available for all members of these associations, and will eliminate the embarrassment of getting someone to sign their notes. It will put the securing of money on a basis similar to ordinary business transactions."

The experiments under way in the various States will bring an important contribution to the sum of the information about rural credit systems. Private experiments will also contribute heavily. It is a matter to which bankers are properly giving more and more attention. In the absorption of securities against farm lands put out through land banks the savings institutions are counted on. The facility with which such securities can be marketed will be the final test of the land mortgage system. Investors in this country are not accustomed to such securities and, however strong the issuing institution might be, it would be a long time before land bank debentures got in the class with municipal and railroad bonds. It has been suggested that, before such an attempt is made, it would be well to ascertain the manner in which such securities would be absorbed by local investors. It is also seriously questioned whether there is any general necessity for new legislation at all.

The situation in some of the States follows:

WISCONSIN.

Wisconsin passed a rural credits law in the Spring of 1913. This law permitted the incorporation of land mortgage associations by not less than fifteen freeholders, the capital stock of each being not less than \$10,000. These associations were authorized to issue debentures in convenient denominations. Loans are made for long periods and may be repaid on the amortization plan. The associations may lend up to 65 per cent. of the appraised value of improved land and up to 40 per cent. of the value of the unimproved. Each mortgage contains conditions under which soil conservation is compulsory.

The agricultural experiment station of the Univer-

sity of Wisconsin reported the results of an investigation into the operation of the law and the financial conditions of the farmers in January, 1915. Two land mortgage associations have been formed. The amount of the loans is not given, but the investigation disclosed many interesting facts. For instance, on the usual assumption that the farmer is in great need of money, which he can secure only by mortgaging his farm, the Legislature in 1913 made provision for making loans on farms out of public school funds. No loans were made out of these funds. Stimulated by the other plans, associations of bankers made farm mortgages under new conditions. There was a reduction in inspection charges and a corresponding increase in net proceeds to the borrower. The bankers did not make loans on the amortization plan. But otherwise the conditions were more satisfactory to the borrower. Debentures were issued against the mortgages and were in good standing locally.

The investigators also found that in the southern part of the State there was little demand for mortgage loans, while in the north the situation is exactly reversed. In fact, it was apparent that there was enough investment money in the older parts of the State to pay for the development of the newer sections if some means could be found of effecting the transfer.

Another interesting disclosure is in regard to what is known as the Ashland Dairy Plan, whereby, on the guaranty of business men, bankers buy dairy cattle which are sold to the farmers on a plan of easy payments. This plan, it is said, has been most decidedly successful. From the report the following excerpts are taken:

"It is hard to find any conscious, acute need of more farm credit among the farm owners in the southern part of the State. At the banks the farm owners can in nearly all cases borrow as much money as they want at the bankers' terms. As to store credit, there is hardly a farmer who wants more than the merchants are ready to extend.

"On the other hand, the tenants are not in such an advantageous position. They have no land and cannot buy any until they have sufficient money for the first payment or nearly half the value if they buy outright and get deeds. If they are able to buy on a land contract very much less may suffice, but the average farm for sale is not offered on land-contract terms. Hence it may safely be said that one-fourth of the farmers of Dane County would be glad of some system of land credit whereby they could purchase farms. The tenant has much less credit at the bank, often less than he could well use. Two-thirds of the country bankers of Dane County report that they lend to tenants with great caution, or require a second signer of the note. Thus the younger farmers, who are likely within a few years to become farm owners, have but very limited credit for some years. That they are as honest before buying a farm as afterward, and that they are in need of credit cannot be questioned, but so long as farm credit is based mainly on accumulated wealth they can hope for little credit except as they have personal friends with money to lend." * * *

"The investigations made show the need for personal credit to be more acute than that for land credit. It is easy to get land credit equal to 50 per cent. of the land value, but being heavily in debt on his land cripples his personal credit, but he is usually worthy of

personal credit. In fact, he can get it for very short periods of time. What he needs is credit extending over a period corresponding to the length of time required to bring to fruition the project for which the loan is made." * * *

"Personal credit is not available to farmers in adequate amounts because the system of personal credit now in practice is fitted to the needs and abilities of the commercial and industrial world rather than to the needs of the farmer. To enable farmers to make the best use of their personal credit laws should be passed providing for the organization of co-operative credit unions."

MASSACHUSETTS.

Co-operative credit associations are authorized by law in Massachusetts. The privileges are not confined to farmers, although they were the intended beneficiaries. This law was later amplified so that real estate security became acceptable collateral.

The Banking Department of Massachusetts has reported the amount of credit union loans on October 31st last as \$224,360.24. A bill for a land bank is now pending in the Massachusetts Legislature.

NEW YORK.

New York has a land bank. The capital stock is \$100,000 and the land bank was superimposed on the building and loan associations of the State. They are permitted to become stockholders in the land bank and the theory is that they will become the local organizations through which the loans will be made. As there are large numbers of these associations in existence there will be no necessity for creating local organizations such as are authorized in Wisconsin, for instance. The land bank was organized late in 1914 and began business last January. On April 1st the bank had accepted real estate loans to the amount of \$68,000 and had the balance of its capital stock, or \$32,000, available for loans. The bank has also authorized, but has not yet sold, a bond issue of \$250,000, the proceeds of which will be available. Long-time loans, the amortization plan of repayment and the issue of debentures are features of the plan and loans, of course, are confined to real estate worth double the amount borrowed. There is no provision for short-time credit loans or any of the other financial requirements disclosed by investigation as being perhaps more important to the farmer than mortgage loans.

MISSOURI.

The Missouri Legislature this winter passed a Land Bank Act. The provision is for long-time loans on mortgage security. The board, composed of State officials, is the governing organization and the capital of \$1,000,000 was appropriated subject to a referendum which will be taken in November, 1916. There will be no such test on the popularity of these Acts as will be had in Missouri. Wisconsin provided for a land bank to find later that the farmers' other needs were more pressing. The assumption that the farmer who owns land is anxious to borrow on the amortization plan may or may not be more than an assumption. It will be put to a striking test in Missouri.

It will be remembered that the Missouri Legislature was one of several which enacted a full-crow law on the assumption that it would be overwhelmingly popular. The railroads secured a referendum and last November

the people of Missouri voted the law out of existence by a majority of 68,000.

Since that time there has been room for considerable doubt of the Legislature's understanding of what may be popular.

UTAH.

The Utah Legislature passed a bill in March permitting land mortgage banks to be formed by associations of landholders which would lend money to farmers for long time at a minimum rate of interest.

OKLAHOMA.

On March 20th the State Rural Credit Association was formally organized in Oklahoma City. Its capital stock is \$1,000,000 and it is a co-operative organization. It will make loans on long time at low rates and on mortgage security only.

Indiana, Louisiana, Texas and other States have made or have pending plans for rural credit systems.

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Governor's Convention (seventh annual).

Incorporation of land mortgage banks under both State and Federal laws favored. (In "American Building Association News," p. 541. December, 1914.)

Gronna, A. J.

Bill (S. 5003) to establish a farm loans bureau in the Department of the Treasury and to enable such bureau to make loans on farm lands. (In "Congressional Record," v. 51, p. 5664. March 23, 1914.) Bill (S. 5051) to provide for the making of farm loans from the postal savings funds. (In "Congressional Record," v. 51, p. 5794. March 25, 1914.) Presents resolution adopted by the Farmers' Equity Exchange at Watrous, N. D. (In "Congressional Record," v. 51, p. 4158. February 25, 1914.)

Gronna, A. J.

Comment regarding bill. (In "Commercial West," p. 30. March 28, 1914.)

"Congressional Record."

A bill (S. 5280) to provide for the creation of a national farm loan association and State and local associations; introduced by Senator Gronna. (In "Congressional Record," v. 51, p. 7313. April 16, 1914.)

Haymaker, K. V.

Rural credits and farm loans; consideration of the pending bills in Congress authorizing the organization of land banks. (In "American Building Association News," p. 499. November, 1914.)

Henry, R. L.

Introduces bill (H. R. 21418) to encourage agriculture and ownership of farm homes, to reduce the rate of interest and extend the term of farm mortgages and to provide a fund for the construction of good roads. (In "Congressional Record," v. 52, p. 4154. February 17, 1915.)

Henry, R. L.

Details of bill recently introduced. (In "Financial Age," v. 31, p. 331. February 27, 1915.)

Hollis, H. F.

Bill (S. 5542) to provide capital for agricultural development, to create a standard form of investment based upon farm mortgages, to equalize rates of interest upon farm loans, to furnish a market for United States bonds, to provide a

method of applying postal savings deposits to the promotion of the public welfare, and for other purposes. (In "Congressional Record," v. 51, p. 8792. May 12, 1914.) Introduced by Senator Hollis. Same bill introduced in House by Representative Bulkley (H. R. 16478). (In "Congressional Record," v. 51, p. 8844. May 12, 1914.)

Hollis, H. F.

Rural credit bill dropped this season. (In "American Banker," v. 79, p. 3563. October 17, 1914.)

Hollis, H. F.

Speech in the Senate regarding the rural credits legislation now pending. (In "Congressional Record," v. 51, p. 17053. September 24, 1914.)

Hollis, H. F.

Urges widespread publicity for the rural credits bill which is now pending before the Committee of Banking and Currency and which will not be considered this session. (In "American Banker," v. 79, p. 3428. October 3, 1914.)

Houston, D. F.

Urges rural credits legislation in an address before the State Board of Agriculture, Kansas. (In "Financier," v. 105, p. 249. January 23, 1915.)

Howard, W. S.

(H. R. 12746.) To provide for the establishment, operation and supervision of a co-operative national farm land bank system in the United States of America. (In "Congressional Record," p. 2816. January 31, 1914.) Speech before the House. (In p. 3814. February 17, 1914.)

Jones, W. L.

Introduces bill in the Senate to organize a loaning system under which loans of not exceeding \$5,000 may be made to any one person at not to exceed 4% interest per annum and for a period of time not to exceed ten years. Such loans shall be made only for the purpose of acquiring farm lands or city property and improving the same for residence purposes or improving residence property. (In "Congressional Record," v. 51, p. 16139. September 5, 1914.)

"Journal of Political Economy."

The rural credit bill; comment regarding the Bulkley-Hollis measure. (V. 22, p. 580. June, 1914.)

Lund, H. H.

Is Senator Fletcher's rural credit bill a land gambling law? (In "Business America," p. 212. March, 1914.)

McCumber, P. J.

Amendment providing for Government loans to farm owners was attached to the agricultural appropriation bill. (In "Financier," v. 105, p. 577. February 27, 1915.) (In "Chicago Banker," v. 39, p. 9. February 27, 1915.) Editorial comment. (In JOURNAL-BULLETIN, v. 7, p. 649. March, 1915.)

McCumber, P. J.

Amendment to the Hollis bill. (In "Congressional Record," v. 52, p. 5579. March 1, 1915.) Also amendments offered by the Committee and Senators Bathrick, Garaway, Morgan, Howard, Hulings and Buchanan.

Machen, Frederick.

Rural credit legislation in prospect. (In "Bonds and Mortgages," v. 41, p. 6. February, 1915.)

Morgan, D. T.

Introduction of resolution (H. Con. Res. 58) declaring for a special session of the 64th Congress to consider rural credit legislation; discussion in which the Bathrick, Moss, Bulkley, Howard, Kelly, McKellar bills are reviewed. (In "Congressional Record," v. 52, p. 2338. January 23, 1915.)

Morgan, L. L.

Introduces bill (H. R. 21474) to provide better credit facilities and lower interest for farmers. (In v. 52, p. 4395. February 16, 1915.)

Moss, R. W.

Favors enactment of rural credits law by Congress that will empower each State to establish and control its rural credit banks. (In v. 103, p. 199. January 17, 1914.)

Moss, R. W.

Introduces bill (H. R. 20688) to establish national farm land banks. (In "Congressional Record," v. 52, p. 1314. January 8, 1915.)

"North Dakota Banker."

Brief sketch of the Norris and Thompson bills. (P. 21. February, 1914.)

Norton, P. D.

"North Dakota Banker."

Sketch of bill (S. 5280), introduced by Senator Gronna. (P. 5. June, 1914.)

Bill (H. R. 12755) for the establishment of a farm credit bureau in the Department of Agriculture. (In "Congressional Record," p. 2816. January 31, 1914.)

Norton, — (Representative).

Discussion of the Moss-Fletcher bill. (In "Congressional Record," v. 51, p. 7112-7114. April 11, 1914.)

Owen, R. T.

Resolution (S. 318): That the Committee on Banking and Currency in preparing a bill relating to rural credits, is hereby authorized to employ the assistance of a financial expert to advise on technical points involved. (In "Congressional Record," v. 51, p. 17055. September 24, 1914.)

Poindexter, Senator.

Postal savings for farm loans; comment on bill introduced by Senator Poindexter. (In "Financial World," p. 24. June 20, 1914.) (In "Commercial West," p. 25. June 20, 1914.)

Price, H. C.

Proposed rural credit legislation. (In "American Building Association News," p. 146. April, 1914.)

Ramsey, G. L.

Comment on Fletcher bill. (In "American Banker," v. 79, p. 966. March 21, 1914.) (In "Coast Banker," p. 202. March, 1914.) (In "Commercial West," p. 24. March 14, 1914.)

Sheppard, Morris.

Introduces joint resolution (S. J. Res. 232) to authorize the Committees on Agriculture of the Senate and House to investigate a system of rural personal credit. (In "Congressional Record," v. 52, p. 3236. February 3, 1915.) Doolittle, Dud-

ley (Rep. from Kansas), introduces in House (H. J. Res. 417). (In "Congressional Record," v. 52, p. 3440.)

Smith, Hoke.

Introduces bill (S. 7551) to provide for the establishment, operation and supervision of a co-operative national farm-land bank system in the United States. (In "Congressional Record," v. 52, p. 3236. February 3, 1915.)

Stubbs, —.

Remarks on the Smith-Lever bill. (In "Coast Banker," p. 497. June, 1914.)

Thompson, F. W.

Commends President Wilson's stand on rural credits. (In "Financial Age," v. 30, p. 1108. December 19, 1914.)

Thompson, J. B.

Introduces bill (H. R. 11524) to establish national rural credit banks for the purpose of furnishing money to the farmers on real and personal security at a reasonable rate of interest. (In "Congressional Record," v. 51, p. 1804. January 15, 1914.)

U. S. Congress, 63d.

Rural credits: joint hearings before the sub-committees of the committees on banking and currency charged with the investigations of rural credits. 1914.

Woodruff, George.

Rural credit legislation. (In "Tennessee Bankers Association Proceedings," p. 36. 1914.)

ORGANIZATIONS

"American Banker."

The Northwestern Rural Credit Association has been incorporated in Minneapolis. (In v. 80, p. 692. February 27, 1915.) (In "Chicago Banker," v. 39, p. 18. February 27, 1915.)

"Chicago Banker."

Account of recent convention of Farm Mortgage Bankers Association. (In October 10, 1914, p. 7. Editorial comment, p. 18.) (In "Financier," v. 104, p. 1080. October 17, 1914.)

"Chicago Banker."

Meeting of the governors of the Farm Mortgage Association in Chicago, January 22, 1915. (In v. 39, p. 17. January 23, 1915.)

"Financier."

The Rural Credit League of America has been organized. V. 105, p. 374. February 6, 1915.

Hord, W. D.

Purpose of Farm Mortgage Bankers Association of America. (In "Trust Companies," v. 19, p. 208. September, 1914.)

Thompson, F. W.

Address before the recent convention of Farm Mortgage Bankers Association. (In "Financial Age," v. 30, p. 644. October 17, 1914.)

"United States Investor."

The Farm Mortgage Bankers Association is particularly needed now when large crops will bring sharpers into farm mortgage banking. (P. 1354. August 1, 1914.)

"United States Investor."

Names of those present at the recent convention of the Fafm Mortgage Bankers Association. (P. 1694. October 17, 1914.)

Note:—The above bibliography is only partially complete. General references and those covering the making of real estate loans under the Federal Reserve Act will be printed in a subsequent issue of the JOURNAL-BULLETIN.

There has been some delay in the issuance of this book, brought about by the serious illness of Mr. W. W. Wayne, who has had charge of this work for several years—Mr. Wayne having been confined to his home for five months by illness, but his condition was such, from time to time, that he was expected to be well enough to report at the offices. Mr. Wayne passed away on April 17, 1915.

A. B. A. YEAR BOOK FOR 1914.

The Annual Proceedings of the American Bankers Association, which embody the full report of the Fortieth Annual Convention, held at Richmond, Va., last October and the customary full information which is conveyed to the members through this medium, came from the press a few weeks ago and has been distributed to the members of the Association who are on the Association's records prior to September 1, 1914.

This book has been carefully prepared and compiled; printed and bound in the usual form in keeping with past volumes. It comprises 723 pages and is a credit to the printers who secured the contract—Messrs. Wynkoop Hallenbeck Crawford Company, New York City.

THE 7-MACE CHINESE DOLLAR.

The local or 7-mace dollar, the equivalent of seven-tenths of a Swatow tael, is the currency of business among the Chinese in Swatow, China. This currency is almost entirely in the form of notes issued by native banks (private), the denominations of which range between \$1 and \$100. These notes are redeemable in silver, and when silver is demanded of the bank of issue current silver dollars and subsidiary coins are given at the exchange rate of the day. These banks, like so many private banks in China, are said to have large note issues, and consequently would be greatly imperiled by a continued demand for silver. A few Kirin minted silver dollars are in circulation at Swatow, and are accepted as 7-mace dollars.

MORTUARY RECORD OF ASSOCIATION MEMBERS

- ALDRICH, NELSON W.—Director Rhode Island Hospital Trust Company, Providence, R. I.
 BEARD, B. F.—Founder and President Bank of Hardinsburg & Trust Company, Hardinsburg, Ky.
 BELL, JAMES S.—Vice-President Minneapolis Trust Company and Director Northwestern National Bank, Minneapolis, Minn.
 BOELL, VICTOR E.—Secretary-Treasurer American Trust Company, Morristown, N. J.
 BROWN, FRANK R.—President J. L. Brown Banking Company, Wilcox, Pa.
 COGGIN, MATTIE LIGHTFOOT.—Vice-President Coggin National Bank, Brownwood, Texas.
 DAVIS, HORATIO NELSON.—Director Mississippi Valley Trust Company and State National Bank, St. Louis, Mo.
 DOBSON, J. A.—Cashier First Bank of Ulysses, Ulysses, Neb.
 DUNN, DAVID G.—Assistant Cashier Bank of Zebulon, Zebulon, Ga.
 GARDINER, JOHN.—President National Bank of Norwalk, Norwalk, Ohio.
 HAYNES, P. B.—President Bank of Mulberry, Mulberry, Fla.
 HEDRICH, HENRY.—President Savings Bank of Peoria and Director First National Bank, Peoria, Ill.
 HILLIER, APPLETON ROBBINS.—Vice-President Aetna National Bank, Hartford, Conn.
 HOEFER, CHARLES, Sr.—President Bank of Higginsville, Higginsville, Mo.
 HOLMES, GEORGE W.—Director Loudoun National Bank, Leesburg, Va.
 JONES, SPENCER C.—President Montgomery County National Bank, Rockville, Md.
 KELLEY, ARTHUR L.—Director Merchants National Bank, Providence, R. I.
 LAMME, C. E.—President Bank of Garden Grove, Garden Grove, Cal.
 LOMNITZ, GEORGE.—Secretary Citizens Savings & Trust Company, Cleveland, Ohio.
 LOVELL, ANDREW J.—Vice-President First National Bank, Pittsfield, Ill.
 MILLER, DAVID HENRY.—Vice-President Fairfield County National Bank, Norwalk, Conn.
 MORRIS, FRANCIS.—President First National Bank, Amsterdam, N. Y.
 MOSES, GALEN C.—Director First National Bank, Bath, Me.
 MYERS, JAMES J.—Vice-President Cambridge Trust Company, Cambridge, Mass.
 PEGRAM, EARL S.—Cashier First National Bank, Statesville, N. C.
 PEGRAM, GEORGE LAWRENCE.—First Assistant Cashier Metropolitan Bank, New York City.
 POITEVENT, THOMAS J.—President Shelby Bank, Shelby, Miss.
 ROBINSON, MARK P.—President First National Bank of Hawaii, Honolulu, Hawaii.
 SAGER, BENJAMIN.—Vice-President Campbell National Bank, Larne, Ohio.
 SARGENT, H. Q.—Director State Banking & Trust Company, Cleveland, Ohio.
 SAVAGE, WALTER L.—Vice-President Kenduskeag Trust Company, Bangor, Me.
 SEAYER, JOSEPH H.—Of E. W. Clark & Company, Bankers, Philadelphia, Pa.
 SMITH, O. B.—Cashier Tampico Banking Company, S. A., Tampico, Mexico.
 STEENBERG, ALFRED W.—Cashier A. C. Steenberg & Company, Bankers, Farmington, Ill.
 STEWART, JOHN.—President Stewart State Bank, St. Charles, Ill.
 TOUGH, GEORGE.—Director Suburban Trust & Savings Bank, Oak Park, Ill.
 VIGLINI, PIERRE.—President German Bank, Louisville, Ky.
 WAYNE, WILLIAM WALTER.—Associate Editor JOURNAL-BULLETIN, American Bankers Association.
 WHITE, GEORGE L.—President Pilot Grove Bank, Pilot Grove, Mo.
 WILLISTON, A. LYMAN.—President First National Bank, Northampton, Mass.

SOME FACTS ABOUT REDISCOUNTING IN PRACTICE

John H. Rich, Reserve Agent in the Ninth District, told of methods of rediscounting at a group meeting of the Minnesota bankers at St. Cloud. Among other things, Mr. Rich said:

"From inquiries that I have made I am satisfied that the average bank in the Ninth District would show at any time a total of at least 10 per cent. of its loans and discounts, in the form of paper available for rediscount. This 10 per cent. ought to be regarded by every member bank as the equivalent of cash, because it can be turned into cash in the length of time it takes to forward it to the Reserve bank for rediscount. If in proper form, a Reserve bank would credit the member bank with the full face of the paper, giving it credit for that amount upon its books or ship the currency in the form of new Federal Reserve notes.

"I have been somewhat surprised to find that there has been an impression that in the rediscount of paper we would require the member banks to put up collateral at the rate of one and a half or two to one. I am glad to say that this is not true. When their paper is in proper form and of the right maturity they can rediscount it with us at the rates which are publicly announced from time to time on the basis of 100 per cent. for 100 per cent. We would not ordinarily require an excess of collateral, but would give the rediscounting bank the full face value of the paper presented.

"When bills presented for rediscount bear a rate of interest interest is computed to maturity at the Reserve bank and added to the face of the note or bill before it is rediscounted. Where a bill bears no rate of interest it is discounted at its face. The Reserve bank in each case deducts its discount at the published discount rate for the particular kind of paper at the time the rediscount is made, and the proceeds are placed to the credit of the applying member bank.

"Congress has laid a new responsibility upon bankers. Under former conditions it was not good banking practise to show rediscounts. This condition has been entirely changed. Banks have a legal right to rediscount

under the new law, and the rediscount system, which is one of the best features of the Old World banking system, is part and parcel of the new Federal Reserve Act. Congress adopted it because there was a desire to make it possible for banks to give the proper support to business, industry and agriculture. When business demands in a community began to tax credit facilities of the local banks it was intended that they should have opportunity to sell their best paper and obtain cash or credit with which to continue to meet all fair and reasonable demands. Rediscounts would still subject a bank to criticism if it were not for the fact that in legalizing the rediscount system Congress has provided in the new Federal Reserve Banks strong reservoirs of money on which member banks can fall back. The rediscount system was not established for occasional use or as a safeguard in times of panic or grave financial difficulty. It was established for everyday use.

"In providing these facilities and in making them available to member banks Congress has laid upon the banker the responsibility of watching credit conditions in his community and taking care of business in a broader and better way than before. The Reserve bank expects that the member bank in the home city will see to it that the **business man and farmer** has such accommodation as he is reasonably and legitimately entitled to on the showing of his financial condition, and that when the banker finds that in meeting such requirements he is beginning to somewhat tax his resources, he will at once turn to the Federal Reserve Bank for additional support, and there rediscount his paper, free from any feeling that he is exposing himself to criticism. Upon the other hand, when his bank is in sound condition and his loans and discounts are above criticism he could feel in making rediscounts that not alone is he following sound banking practise, but that he is helping to do the one great thing that Congress intended in adopting the Federal Reserve Act, and that is that he is helping to make the reserve system of genuine public service in this country."

CIPHER CODE.

A few members occasionally fail to read the directions in the Code and the Test Word instructions which were forwarded under separate cover, and therefore we particularly urge in such cases compliance with the following:

Read the matter under "NOTICE" and "TEST WORD" on page II.

Read "DIRECTIONS FOR USING CODE" on page VIII.

All numbers directly to the left of the Code words, beginning on page 2 under "NUMERALS or DOLLARS" and continuing throughout the book, are for a special purpose.—(See paragraph in italics on page VIII.)

To convey *numerals* or *dollars* use the heavy-faced figures in the CENTER column under "NUMERALS or DOLLARS," beginning on page 2

and ending with page 39—the Code words for which in the left-hand column apply to Numerals, and those in the right-hand column are to be used in connection with Dollars.

TEST WORD is NOT to be translated.

A special circular letter was forwarded to all members under date of June 1, 1914, in which was enclosed a slip printed in red ink to be pasted between pages 2 and 3 of the Code. If this request has not been complied with prompt attention should be given to the matter.

THOSE READING THIS ARTICLE ARE EARNESTLY REQUESTED TO SHOW IT TO THE VARIOUS OFFICERS OR EMPLOYEES WHO MAY BE CALLED UPON AT ANY TIME TO USE THE CODE—MAKING A SPECIAL POINT OF THE FACT THAT IT IS IMPORTANT TO CAREFULLY READ ALL DIRECTIONS THEREIN.

Reserve Bank System of Intra-District Collections

Chicago Federal Reserve Bank Takes Lead in Inaugurating a Plan Which Makes Participation Entirely Voluntary—Opposed to Principle That Reserve Banks May Debit Members' Balances Without Their Consent.

In the JOURNAL-BULLETIN last month there appeared an article discussing the right of Federal Reserve Banks, acting as clearing houses, to debit the balances of member banks without their consent. In view of the facts therein set forth it is interesting to note that one of the main features of the intra-district collection plan sent out by the Chicago Federal Reserve Bank and by practically every other Reserve Bank is that membership in the collection system is entirely voluntary and items will be received only from and upon those banks which join it. It is also specifically stated that the system is not intended to supersede the exchange of checks through local clearing houses or otherwise in or between nearby cities or towns.

The voluntary feature of this plan appears to be in conflict with a belief in some quarters that the best results would be obtained from all standpoints by adhering to the principle that the Reserve Banks should have the right to debit balances of member banks without their consent. Aside from the merits of either viewpoint, however, we give here the rules and requirements of the new system as sent out by the Federal Reserve Bank of Chicago to member banks:

1. Each member bank joining the system authorizes the Federal Reserve Bank of Chicago to charge immediately on receipt against its account, subject to payment by such member bank at its banking house, checks and drafts payable upon presentation drawn upon it, deposited by other member banks which have joined the collection system.

2. The member bank undertakes to provide sufficient funds to offset the items charged against its account under the collection system, without impairing the reserve required to be kept in the Federal Reserve Bank of Chicago, as shown by the books of the Reserve Bank, the amount of such funds to be determined by experience gained from actual operation.

3. Checks and drafts payable on presentation drawn on any member bank in District No. 7, which has joined the collection system, will be received for immediate credit, subject to final payment, but only from such member banks as have joined the collection system. Items marked "payable if desired" at either a member bank or a non-member bank will not be received unless drawn on a member bank which has joined the collection system, in which case they will be charged to the member bank upon which they are drawn and not to the bank at which they are made "payable if desired."

4. Items sent for credit should be divided in two classes:

(a) Items on member banks which are members of the Chicago Clearing House Association.

(b) Items on other member banks in this District.

The items under each of these divisions should be listed on a separate sheet stating the name or

the American Bankers Association transit number of the bank on which each item is drawn, and the amount. Each sheet should be separately footed, and where more than one sheet is used in listing items under either of the divisions the totals of such sheets should be listed and footed on a separate sheet.

5. All items received before 2 o'clock P. M. (except on Saturday when the hour will be 12 o'clock noon) will be credited on the day of receipt. Items received after these hours will not be credited until the following business day. All items except those payable through the Chicago Clearing House will be mailed at the close of each day to the member banks on which they are drawn. Member banks shall advise the Federal Reserve Bank of Chicago on the day of receipt that such items have been received and credited. Unpaid items, not subject to protest, shall be returned on the day of receipt; protested items shall be returned not later than the day after receipt. Returned items will be credited to the account of banks on which they are drawn and charged to the account of and returned to the banks from which received. Unpaid items shall not be held for any purpose whatsoever except for immediate protest.

6. In receiving the checks and drafts herein referred to, the Federal Reserve Bank of Chicago will act only as the collecting agent of the sending bank, and will assume no responsibility other than due diligence until the funds are actually in its hands, and said Reserve Bank is authorized to send them for payment direct to the bank on which they are drawn, or for collection to another agent at its discretion. Banks receiving items from the Federal Reserve Bank of Chicago for collection shall be deemed the Agent of the bank depositing such items with the Federal Reserve Bank of Chicago for credit.

7. Checks and drafts drawn on member banks which have joined the system may be stamped or printed across the face: "Collectible at par through the Federal Reserve Bank of Chicago," but such indorsement shall never be held to import that the Federal Reserve Bank of Chicago, in accepting such checks or drafts for collection, has become the owner thereof or is acting otherwise than as the agent of the sending bank.

8. Member banks which do not join the collection system at the time of its inauguration may do so at any subsequent time. Member banks will be permitted, on thirty (30) days' notice to the Federal Reserve Bank of Chicago, to withdraw from the collection system. The Federal Reserve Bank of Chicago may, at its discretion, withdraw the privileges of the collection system from any member bank which fails to observe these rules and requirements, or for other good and sufficient reasons.

On the first and fifteenth days of each month all changes, if any, which have occurred in the list of members of the collection system since the preceding notice will be published, and immediately thereafter the additions or withdrawals listed therein shall become effective.

9. No exchange charge will be made nor will any exchange charge be paid by the Federal Reserve Bank of Chicago in operating this collection system, which is a reciprocal arrangement for the mutual benefit of all member banks which join it.

(Note: The Federal Reserve Act provides that charges to be fixed by the Federal Reserve Board may be imposed for the service of collection rendered by the Federal Reserve Banks. No charge will be made for the present, but if after experience

in operating the collection system a charge is found necessary such charge will be imposed only after due notice and will not be retroactive.)

10. The Federal Reserve Bank of Chicago reserves the right to add to, alter or amend these rules and requirements.

11. All items forwarded to the Federal Reserve Bank of Chicago shall be indorsed without restriction to the order of the Federal Reserve Bank of Chicago and show on each side of the indorsement the American Bankers Association transit number in prominent type.

RESOLUTIONS TO BE ADOPTED BY MEMBER BANKS.

Whereas, The Federal Reserve Bank of Chicago has announced its readiness to undertake for its member banks the collection of checks and drafts drawn upon its member banks, and

Whereas, The said Federal Reserve Bank of Chicago has promulgated certain rules and requirements governing its conduct and the conduct of member banks in the operation of the collection system, which rules and requirements are as shown by copy thereof hereto attached, and

Whereas, This bank desires to avail itself of the privileges offered by the said Federal Reserve Bank of Chicago and to join the collection system so to be established,

Now, therefore, be it resolved, That this bank hereby joins the said collection system of the Federal Reserve Bank of Chicago under the plan submitted by that bank in its circular letter, dated April 7, 1915, and hereby agrees with the said Federal Reserve Bank of Chicago and with such other member banks of the Federal Reserve Bank of Chicago as have joined or may hereafter join the said collection system, to be bound according to the terms of the rules and requirements hereto attached, and by such other rules and requirements as may be hereafter promulgated.

And be it further Resolved, That the Cashier of this Bank (or the Secretary of its Board of Directors) is hereby directed to forward to the Federal Reserve Bank of Chicago a certified copy of these resolutions.

I, the undersigned, do hereby certify that the foregoing is a true and correct copy of resolutions of the
duly adopted at a regular meeting of the Board of Directors of the said bank at _____ on the _____ day of _____, 1915, and that the said resolutions have not been rescinded or modified.

Cashier or
(Seal) Secretary of Board of Directors.

TRAVELERS' CHEQUES AT FRISCO.

Members of the Association will be interested in the exhibit arranged by the Bankers Trust Company at the Panama-Pacific International Exposition in the interest of the Association's Travelers' Cheques. The exhibit is considered one of the most attractive displays at the fair and is receiving much favorable comment.

Geo. G. Thomson, secretary of the company, is in charge and reports that many bankers have already called and registered. Many tourists are calling daily at the exhibit in order to learn about the advantages of the Association's Cheques, and in all cases they are given information as to where the cheques may be obtained, as well as in regard to the protection and convenience afforded.

One of the features of the exhibit is a display of the advertising materials and advertisements used in connection with the publicity campaign for the Association Cheques. Perhaps the most novel feature is a

huge model of a cheque carrying a group of travelers, which is reminiscent of the "magic carpet" idea now so familiar to readers of the current magazines which have carried "A. B. A." Cheque advertisements. This model is suspended at a height of twenty-five feet directly above the crossing of two principal streets in the Palace of Mines and Metallurgy, near the main west entrance.

The courtesy of the exhibit has been extended to publishers of banking journals, in order that they may have a point of distribution for copies of their respective publications. It is believed that this service will be appreciated by many visiting bankers, who will thus be able to obtain their favorite banking journals while away from home.

Copies of the Association's JOURNAL-BULLETIN will also be obtainable at the exhibit.

All members of the Association and their friends are most cordially invited to call at the exhibit and make use of its facilities.

CONVENTION CALENDAR.

May	3-5	Ex. Coun. A.B.A., Old Point Comfort, Va.
"	4-5	Mississippi Jackson
"	10-12	Alabama Birmingham
"	11-12	Kansas Independence
"	13-14	Oklahoma Tulsa
"	14-15	New Jersey Atlantic City
"	18-20	Texas Waco
"	25-26	Missouri Kansas City
"	27-29	Georgia Savannah
"	27-29	Joint Meeting California, Oregon, Idaho, Nevada, Arizona, San Francisco, Cal.
June	12	Maine Augusta
"	15-16	South Carolina Isle of Palms
"	16-17	North Dakota Bismarck
"	17-18	Pennsylvania Cape May, N. J.
"	17-19	Virginia Old Point Comfort
"	17-19	North Carolina Wrightsville Beach
"	18-19	Joint Meeting N. E. Bankers' Assns., The Griswold, New London, Conn.
"	18-19	New Hampshire New London, Conn.
"	22-23	Iowa Davenport
"	22-24	Maryland Cape May, N. J.
"	23-24	Ohio Cedar Point
"	24-25	New York Saratoga Springs
"	25-26	South Dakota Deadwood
"	29-30	Minnesota St. Paul
"	—	Utah Salt Lake City
July	14-15	Wisconsin Milwaukee
"	15-16	West Virginia White Sulphur Springs
"	27-29	Michigan Grand Rapids
Aug.	18-20	Am. Inst. of Banking, San Francisco, Cal.
Sept.	3-4	Montana Glacier National Park
"	6-7	Washington Seattle
"	6-10	Amer. Bankers' Assn. Seattle, Wash.
"	20-22	Investment Bankers' Assn. Denver, Col.
Oct.	6-7	Kentucky Frankfort
"	12-13	Indiana Indianapolis
"	14-15	Illinois Joliet
"	—	New Mexico Roswell
Date not decided.		National Association of Bank Supervisors Olympia, Wash.
Date not decided.		Farm Mortgage Bankers Association, St. Louis, Mo.

THE PROGRESS OF THE SOUTH

General Secretary Farnsworth has recently returned from a trip to the South, through the Eastern seaboard, attending the convention of the Florida Bankers Association and visiting several cities, which gave him an opportunity for judging of the general condition of prosperity of the Southland.

Florida has been making rapid improvement in the past few years, to a large extent through its most excellent system of railroads. This has brought into use fine farming lands, well adapted to the raising of early vegetables and fruits. The agricultural products of this section now are enormous and Florida is destined to be one of the great producing States of the South.

Jacksonville, the metropolitan city of Florida, is now one of the live, progressive cities south of Mason and Dixon's line. It has the characteristics of Northern metropolitan cities in its public buildings, public improvements and large business interests. Some of the finest bank buildings in the country will be found in Jacksonville. Its energy and enterprise can be no better illustrated than by its present activities in the establishment of municipal wharves, for which half a million

dollars will be expended. This will enable the largest ocean steamships to dock there.

A visit to Savannah, Ga., and a call on the various banks developed the fact also that Georgia, as well as Florida, is in most excellent financial condition.

The consensus of opinion among the bankers of Savannah was that the cotton pool (so far as Georgia is concerned) was entirely unnecessary; that the Commonwealth of Georgia was fully able to cope with the situation, and that it did not need outside assistance. In fact, there was considerable criticism of the "buy-a-bale-of-cotton" movement, with the statement that while that section of the South appreciated the motives which prompted this action, it was unnecessary and in some cases harmful, because it gave the impression to growers of cotton that they would be justified in holding their cotton for a high price.

There was no evidence of a pessimistic feeling so far as business in that section is concerned. While certain industries were somewhat paralyzed, the general condition of business was favorable, and the South has full confidence in its entire ability to cope with the situation.

REGISTRATION AT THE ASSOCIATION OFFICES

Barker, Joseph L., United States Investor, New York City.
 Bean, Robert H., Treasurer Old South Trust Company, Boston, Mass.
 Bennett, W. H., Vice-President American Exchange National Bank, New York City.
 Brainard, A. E., Representative Passenger Department, New York Central Lines, New York City.
 Branch, Col. James R., Branchfield, W. Va.
 Broderick, J. A., Federal Reserve Board, Washington, D. C.
 Brundage, Frank D., Assistant Manager Knauth, Nachod & Kuhne, New York City.
 Buck, B. F., New York City.
 Bushnell, Henry Dwight, Editor Pacific Northwest Banker, Seattle, Wash.
 Christie, Percy M., Citizens National Bank, Englewood, N. J.
 Clancy, Northrop, New York Times, New York City.
 Crane, Charles T., Treasurer Weymouth Savings Bank, Weymouth, Mass.
 Edwards, George E., President Dollar Savings Bank, New York City.
 Eliot, Amory, President Webster & Atlas National Bank, Boston, Mass.
 Evans, Montgomery, President Norristown Trust Company, Norristown, Pa.
 Evans, William S., Henry & West, Philadelphia, President American Institute of Banking Section, A. B. A.
 Faulks, E. A., Treasurer Union County Trust Company, Elizabeth, N. J.
 Fowler, Charles N., Elizabeth, N. J.
 Gatling, N. P., Vice-President Chatham & Phenix National Bank, New York City.
 Healey, George W., Assistant National Bank Examiner, Boston, Mass.
 Hecht, R. S., Trust Officer Hibernia Bank & Trust Company, New Orleans, La.
 Hirsch, Joseph, Vice-President Corpus Christi National Bank, Corpus Christi, Texas.
 Hoyt, Charles E., Secretary and Treasurer South Norwalk Trust Company, South Norwalk, Conn., Secretary Connecticut Bankers Association.
 Johnes, Joseph H., Cashier First National Bank, Hightstown, N. J.

Kemmerer, E. W., Professor Economics and Finance, Princeton University, Princeton, N. J.
 Knox, W. E., Comptroller Bowery Savings Bank, New York City.
 Law, William A., President First National Bank, Philadelphia, Pa.; President American Bankers Association.
 Lersner, V. A., Comptroller Williamsburgh Savings Bank, Brooklyn, N. Y.
 Lifsey, W. V., General Eastern Passenger Agent, New York Central Lines, New York City.
 Macfadden, W. C., Fargo, N. D., Secretary North Dakota Bankers Association.
 McHugh, John, President First National Bank, Sioux City, Iowa.
 Partridge, H. H., Engineer Firestone Tire & Rubber Co., Akron, Ohio.
 Porter, J. Henry, Manager Bond Department Wayne County & Home Savings Bank, Detroit, Mich.
 Pugsley, Cornelius A., President Westchester County National Bank, Peekskill, N. Y.
 Richards, G. H., Minneapolis, Minn., Secretary Minnesota Bankers Association.
 Roberts, George E., Assistant to President, National City Bank, New York City.
 Shevley, R. P., Chevy Chase, Md.
 Smith, E. K., President Commercial National Bank, Shreveport, La.
 Smith, Mrs. E. K., Shreveport, La.
 Smith, Henry A., New York City.
 Smythe, B. E., President Gramatan National Bank, Bronxville, N. Y.
 Sprague, O. M. W., Professor Banking & Finance, Harvard University, Cambridge, Mass.
 Sugden, George W., Vice-President National Citizens Bank, Mankato, Minn.
 Tilton, McLane, Jr., President First National Bank, Pell City, Ala.; Secretary Alabama Bankers Association.
 Van Deusen, W. M., Cashier National Newark Banking Company, Newark, N. J.
 Webb, George E., President First National Bank, San Angelo, Texas.
 Willis, H. Parker, Secretary Federal Reserve Board, Washington, D. C.

TRUST COMPANY SECTION

OFFICERS OF THE TRUST COMPANY SECTION

PRESIDENT
RALPH W. CUTLER, President Hartford Trust Co.,
Hartford, Conn.

FIRST VICE-PRESIDENT
JOHN H. MASON, Vice-Pres. Commercial Trust Co., Philadelphia, Pa.

CHAIRMAN EXECUTIVE COMMITTEE
UZAL H. McCARTER, President Fidelity Trust Company
Newark, N. J.

SECRETARY
PHILIP S. BABCOCK, 5 Nassau Street, New York City.

REPORT OF THE TRUST COMPANY SECTION TO EXECUTIVE COUNCIL AT OLD POINT COMFORT

Mr. President and Gentlemen of the Executive Council:

The Trust Company Section is pleased to report continued growth since the Richmond Convention.

Its membership at that time was 1,201 and has now been increased to 1,270, a gain of 69 during the past six months, and there have also been added some 60 associate members under the amendment to the by-laws adopted at that convention, these members enrolling in the Trust Company Section and having all the privileges of the Section, but voting in the Savings Bank Section. The expenses of the Trust Company Section have been carefully scrutinized and economically administered, and we expect to live within the appropriation granted by the Executive Council. Since the Richmond Convention our Executive Committee and its sub-committees have held numerous meetings and have devoted much time and attention to the interests of its members in many directions, and especially in regard to the provisions of section 11, paragraph K of the Federal Reserve Act, which is of vital interest to trust companies.

At the time the Legislative Committee of the Trust Company Section called upon the Federal Reserve Board in Washington and requested it to obtain an opinion from the Attorney General of the United States as to

the constitutionality of that section, it declined to consider the matter on the ground that it was no part of its business so to do.

After having received this information from the Federal Reserve Board the Executive Committee of the Trust Company Section applied to the American Bankers Association, through its President, to have the general Association itself test the constitutionality of this section in the interest of all its members, and the general Association, through its Administrative Committee, declined to enter into the proposed test.

The Executive Committee of the Trust Company Section, therefore, felt it to be its duty in the interest of all the members of its Section to institute proceedings to determine the constitutionality of said section 11, paragraph K of the Federal Reserve Act.

Eminent counsel have been retained, by the unanimous vote of the Executive Committee, with instructions to carry the case, if necessary, to the Supreme Court of the United States.

The expense of this litigation will be borne by contributions of the individual members.

I thank you, gentlemen, for your courteous attention.

RALPH W. CUTLER.

TRUST COMPANY BANQUET.

Exceeding all previous records in the number attending, the trust companies of the United States, members of the Trust Company Section of the American Bankers Association, held their fifth annual banquet Friday evening, May 7th, at the Waldorf-Astoria. The grand ballroom was crowded to its utmost capacity by a representative gathering of bankers, quite a number of whom had just come from the Executive Council meeting at Old Point Comfort. President Ralph W. Cutler, of the Trust Company Section, made a capable toastmaster and introduced as the speakers of the evening Hon. James M. Beck and Robert C. Smith, K. C., of Montreal.

Mr. Beck, responding to the toast, "The United States," took for his text the sinking of the *Lusitania* on Friday by a German submarine, and stated that the incident meant a most critical period for this country. He counseled a suspension of judgment, drawing a comparison between the international situation to-day with respect to the United States and the situation in the

early history of this country during the great continental war.

Mr. Smith avoided any extended reference to war topics and congratulated the United States on the fulfilment of one hundred years of peace with England.

A new feature was singing, in which all the diners joined and which gave a most sociable atmosphere to the banquet.

Seated at the guest table were: George F. Baker, Hon. James M. Beck, T. DeWitt Cuyler, Henry P. Davison, Col. Fred. E. Farnsworth, F. H. Fries, Oliver C. Fuller, Elbert H. Gary, F. H. Goff, Hon. A. Barton Hepburn, Francis L. Hine, Hon. Pierre Jay, Wm. A. Law, Charles A. Peabody, William C. Poillon, Samuel Rea, Hon. Eugene Lamb Richards, Jacob H. Schiff, Robert C. Smith, K.C., James Speyer, Rev. Ernest M. Stires, D.D., Hon. Benj. M. Strong, Jr., F. D. Underwood, Hon. Frank A. Vanderlip, Hon. Paul M. Warburg, Major-General Leonard Wood, U. S. A.

SAVINGS BANK SECTION

OFFICERS OF THE SAVINGS BANK SECTION

PRESIDENT
W. E. KNOX, Comptroller Bowery Savings Bank,
New York City.

FIRST VICE-PRESIDENT
N. F. HAWLEY, Treasurer Farmers & Mechanics Savings Bank
Minneapolis, Minn.

SECRETARY
MILTON W. HARRISON,
5 Nassau Street, New York City

MEETING OF EXECUTIVE COMMITTEE

The meeting of the Executive Committee of the Savings Bank Section was called to order by President William E. Knox at Old Point Comfort at 10 o'clock a. m., May 3d.

Those present besides Mr. Knox were: N. F. Hawley, Vice-President of the Section; W. G. Toepel, James Dinkins, Charles S. Norris, V. A. Lersner, Henry Schachte, George E. Edwards and Joseph R. Noel.

Letters regretting their inability to be present were received from H. S. Cabel, W. R. Meakle and J. F. Sartori.

The following members of various committees were present by courtesy: H. P. Beckwith, Membership Committee; E. L. Robinson and B. F. Saul, of the Postal Savings Legislation Committee, as well as Wilmer Palmer.

By reason of the Section being without a permanent Secretary, V. A. Lersner was elected to record for the meeting.

The reading of the minutes of the previous meeting was dispensed with, after which the following reports were rendered and, on motion, received and ordered on file: V. A. Lersner, Comptroller the Williamsburgh Savings Bank, New York, for Methods and Systems Committee; George E. Edwards, President Dollar Savings Bank, New York, for Membership Committee, and also the report for the Secretary, which was prepared by the joint courtesy of O. Howard Wolfe, Secretary of the Clearing House Section of the Association, and Miss Wayne, stenographer for the Section.

E. L. Robinson, Vice-President of the Eutaw Savings Bank, Baltimore, Md., gave a most interesting review of the activities of the Committee on Postal Savings Laws, and stated that a full report would be rendered at the time of our next convention.

In consideration of the bereavement inflicted upon Miss Wayne by the death of her father, the Secretary was directed to write to Miss Wayne and express the deep feeling of sympathy on the part of the committee for her loss, and extend the sentiment to the members of the family.

N. F. Hawley, Treasurer of the Farmers & Mechanics Savings Bank of Minneapolis, reported that at a previous meeting it had been found that the work of his committee was in a large measure being taken care of by the Committee on Methods and Systems, and that he had no report to make at this time.

On motion it was unanimously approved that E. L. Robinson address a night telegram to E. G. McWilliams, and follow it with a letter expressing the feeling of regret on the part of the Section at the loss of his services

and association, and wishing him the very best of success and progress in the field of his present endeavors.

President Knox gave a detailed review of the work done by the sub-committee delegated to nominate a new Secretary. By reason of the failure of the sub-committee to fill the vacancy caused by the resignation of Mr. McWilliam it was the unanimous sense of the Executive Committee that the sub-committee be continued in effect with full power to nominate Milton W. Harrison, of the Brooklyn Savings Bank, providing satisfactory arrangements could be made.

This sub-committee, consisting of President Knox and Messrs. Edwards, Meakle and Lersner, was voted the unanimous approval and support of the Executive Committee for the work done by it in this direction.

President Knox referred to the excellent work rendered to the Section by Miss Wayne since the resignation of Mr. McWilliam, and asked for unanimous approval to recommend an increase in her salary. Upon motion duly made and seconded a recommendation was passed that the Finance Committee grant this suggested increase. It was carried with a full affirmative vote.

The matter of co-operation and helpful assistance rendered to the Section by the General Secretary, F. E. Farnsworth; O. Howard Wolfe and George E. Allen was presented for the committee's notice, and in recognition of their valuable services the committee passed a unanimous vote of approval and gratitude.

It was the unanimous sense of the meeting that the executive officers of the Section be empowered to arrange the program for the Seattle Convention in conjunction with the new Secretary.

Joseph R. Noel, of the North West State Bank, Chicago, gave a most interesting report of the work done in his city toward the advancement and development of the school savings banks, and as a further evidence of his earnestness he presented the members with an illuminating record of the history of his efforts to date.

Mr. Hawley, Mr. Beckwith and Mr. Toepel also reported encouraging advancement of the school savings bank system in their respective cities.

President Knox called attention to the recent law passed in the State of Washington which permitted the establishment of mutual savings banks in that State—a law modeled largely after the Savings Bank Law of the State of New York.

Upon motion by Mr. Robinson it was voted to be the sense of the meeting that a special committee of three be appointed by the Chair to consider and direct plans and arrangements for the celebration of the Centennial of Savings Banks in the year 1916.

There being no further business the meeting adjourned, subject to the call of the Chair.

A HIGHLY DEVELOPED SCHOOL SAVINGS BANK.

In the process of collecting school savings bank statistics, the Savings Bank Section has come across many items of interest in connection with the plan. What appears to us to be the most comprehensive use of the school savings idea is found in the Park Ridge School of Park Ridge, N. J. At our request J. Cameron Frendlich, an instructor in the school, who is responsible for the plan, has sent us the following description of the methods followed:

"It is designed that the Park Ridge School Bank shall operate as nearly like a regularly chartered bank as it is possible for it to operate without infringing upon the banking laws of the State of New Jersey.

"To open an account in the School Bank one must fill out a signature card and must make out a deposit slip precisely as in any bank. To withdraw money a regular check is used. When a deposit is made, or a withdrawal, the Teller makes the proper entry on the Teller's report and at the end of the Teller's business hours the Teller totals his report and turns it over to the Cashier of the bank, the Commercial Instructor. These reports are taken by the Private Secretary as a basis for his control accounts, which accounts are cash, interest, etc. These reports further go to other bookkeepers, who credit the various depositors with the amounts deposited. These depositors' ledgers are proved daily and at frequent intervals a corps of auditors is detailed to check up the work of the bookkeepers.

"All money received by our Tellers is deposited in a nearby bank, where four per cent. interest is compounded. This interest is apportioned by bank clerks to the various depositors in the Park Ridge School Bank. Cashier checks are issued by the Park Ridge School Bank on the funds of that bank in the nearby bank in the case that the total of drafts on our bank is larger than our cash on hand.

"All checks so prepared are protected by photographs. It is thoroughly understood that checks on the Park Ridge School Bank are not to be honored outside the school community. The checks may be used, however, within the school for payment of class dues, subscription to the school paper, athletic dues and for lunches purchased at our domestic science kitchen and for any other charges which might arise within our school community. For payment of money outside the school Cashier's check will be issued.

"All the work of the Tellers, bookkeepers, clerks, stenographers and auditors and other bank employes is done by members of the commercial department of the Park Ridge High School. All positions are filled by appointment by the instructor after application has been made by the student for such position and after satisfactory evidence that the student is capable. The bank is open daily from 12.45 p. m. to 3 p. m., at which time depositors from every department of the school may come. The bank was organized September 28, 1914, and since that time our business has grown till the total deposits amount to about \$3,000. This represents about 2,500 business transactions, which in passing through the hands of four or five clerks gives the value of about 15,000 entries. To take care of this enormous business the services of a large number of student workers is required during banking hours, such workers holding their places in the employ of the bank in proportion to their ability.

"When our bank was first organized we found it necessary to use temporary forms made from ordinary journal pages. In a week or two, however, the bank had grown into popular favor and my plan

was greatly appreciated by a public spirited friend of the school, who furnished us with enough loose leaf binders to put our business on a practical basis. The operation of the school bank is not controlled by the Board of Education, nor do they supply stationery, etc., for conducting the bank, which expense comes out of the four per cent. interest paid us by the local bank. Our stationery does not cost very much, as the bank buys the paper and the work of printing the forms is done in the printing room of our school by the boys themselves, so that the bank becomes self-supporting."

THE MOVABLE THRIFT EXHIBIT NOW ON ITS WAY.

The Movable Thrift Exhibit, produced by the International Committee of Young Men's Christian Associations in co-operation with the Savings Bank Section, has been completed and is now on a tour around the United States.

The exhibit consists of the three-reel motion picture play, "The Reward of Thrift," appropriate printed matter for distribution to audiences, and 12 colored posters illustrating how money grows when saved systematically. These posters are in large frames which form a sort of folding screen. The center panel of the screen is composed of a set of revolving pictures, two of which are visible at once, and which show the pleasure and comfort which result from thrift and the disappointment and evils of extravagance.

The itinerary for this month is as follows: Evansville, Ind., May 3d; Lafayette, Ind., May 7th; Kokomo, Ind., May 11th; Marion, Ind., May 14th; Richmond, Ind., May 18th; Huntington, Ind., May 21st; Laporte, Ind., May 26th; Gary, Ind., May 28th. The itinerary for June and illustrations of the exhibit will be published in the Savings Bank Section pages of the June JOURNAL-BULLETIN.

The subject of thrift is being generally recognized as an important one in this day of American extravagance, and it is only by constant practise that it becomes a habit. There is a moral obligation upon every banker to do his part in encouraging the habit of systematic saving.

MUTUAL SAVINGS BANK LAW IN THE STATE OF WASHINGTON.

A Mutual Savings Bank bill patterned after the present New York law, passed only a year ago, which is unquestionably one of the best and safest of such laws in any State of the Union, was passed at the recent Legislature in the State of Washington.

FORMS FOR SAVINGS BANKS AND SAVINGS DEPARTMENTS IN COMMERCIAL BANKS AND TRUST COMPANIES

This book, handsomely bound in black leather and containing forms typical of those necessary in the operation of a savings bank or savings department, is a valuable addition to the library of every bank. The price, express charges prepaid, is but four dollars (\$4) to members of the Association and seven dollars (\$7) to non-members. Your order will receive prompt attention at the office of the Savings Bank Section.

CLEARING HOUSE SECTION

OFFICERS OF THE CLEARING HOUSE SECTION

PRESIDENT
A. O. WILSON, Vice-President State National Bank, St. Louis, Mo.
VICE-PRESIDENT
J. D. AYRES, Vice-President The Bank of Pittsburgh, N. A.
Pittsburgh, Pa.

CHAIRMAN EXECUTIVE COMMITTEE
W. D. VINCENT, Vice-President: Old National Bank,
Spokane, Wash.
SECRETARY
O. HOWARD WOLFE, 5 Nassau Street, New York City

WHY THE "CHECK COLLECTION PROVISIONS" WERE NECESSARY

"Any change whatsoever seems to some minds to be revolutionary. That the practice may have been conceived in error gives no relief to those who see a vested right in every established custom."—Chicago Banker.

Those who fear that their "vested" rights to profit unduly through our present system of check collection are in jeopardy have been very active in proposing objections to the check collection provisions of the Federal Reserve Act. To all such we have a suggestion to make: Before speaking or writing in defense of present methods prove that the list of reasons for the new legislation given by a speaker at the recent meeting of the Association of Reserve City Bankers are wrong. Here are the eight reasons:

"First—Excessive exchange charges.

"Second—Absorption of exchange charges by the collecting banks.

"Third—Indirect routing of checks to avoid exchange charges chiefly caused by clearing house rules governing exchange charges.

"Fourth—The maintenance of reserve balances with banks for the sole purpose of getting items on which to charge exchange.

"Fifth—The carrying of compensating balances with collecting banks solely for the purpose of obtaining par territory.

"Sixth—Paying interest on uncollected funds.

"Seventh—Paying checks drawn against uncollected funds.

"Eighth—Padding of reserves with items in transit."

The speaker, who is one of the foremost authorities on the subject, said:

"Many attempts have been made by the best class of bankers in this country to reform the methods used in check collection, but they have usually met with failure owing to lack of co-operation by the banks in the various collecting centers. The Clearing House Section of the American Bankers Association has been discussing the subject of check collection and country clearing house departments for 10 years.

"The Boston Country Clearing House system of check collection and the Kansas City Country Clearing House plan have come the nearest to a solution of the problems connected with the collection of country checks, and it is probable that if similar systems had been in operation in all the principal collecting centers of the country the authors of the Federal Reserve Act would not have considered it necessary to include check collection as one of the functions of the Federal Reserve Banks."

It wouldn't be a bad idea to cut out those eight reasons and hang them over the desk of every banker who objects to the country clearing house or the clearing functions of the Reserve banks.

SPRING MEETING OF THE EXECUTIVE COMMITTEE

The annual Spring meeting of the Executive Committee was held at the Hotel Chamberlin, Old Point Comfort, Va., on May 3d. Chairman W. D. Vincent presided. It was a source of gratification to learn from the reports of the Chairman and Secretary that the work of the Section is progressing favorably. The Secretary reported an increase in membership of 14 clearing house associations since the last meeting of the committee at Richmond. Several more of our members are reporting total bank transactions and, now that they are being published by "Bradstreet's," it is expected that the figures will be furnished by additional centers. Sentiment favorable to clearing house examinations was more pronounced than ever. Clearing houses employing examiners represented on the Executive Committee are New York, St. Louis, Cleveland, Kansas City, Spokane, Chicago, Los Angeles and New Orleans. From each of these centers very favorable reports were made. Opinion was unanimous that the Section should continue its efforts to extend the plan as widely as possible. It was decided to appoint a new Numerical System Committee in view of the fact that the present Chairman, C. R. McKay, of Chicago, is unable to continue his connection with the committee on account of his position as Deputy Governor of the Federal Reserve Bank of Chicago. The new committee will consist of James A. Walker, Corn Exchange National Bank of Chicago, Chairman; C. E. Estes, Merchants Loan & Trust Company, and R. G. Danielson, Continental & Commercial National Bank. All of these gentlemen have done effective work either as members of the original committee or of sub-committees. Mr. Walker was a member of the original conference of transit experts who devised the system. Preliminary steps were taken to draw up a program for the next annual meeting of the Section at Seattle.

NEW MEMBERS.

The Clearing House Associations of San Diego, Cal.; Long Beach, Cal.; Springfield, O., and Gary, Ind., are now members of this Section, bringing our membership up to 163.

STATE SECRETARIES SECTION

OFFICERS OF THE STATE SECRETARIES SECTION

PRESIDENT
W. W. BOWMAN, Secretary Kansas Bankers Association, Topeka.

FIRST VICE-PRESIDENT
HAYNES MCFADDEN, Secretary Georgia Bankers Association, Atlanta.

SECOND VICE-PRESIDENT
GEORGE D. BARTLETT, Secretary Wisconsin Bankers Association, Milwaukee.

SECRETARY-TREASURER
GEORGE H. RICHARDS, Secretary Minnesota Bankers Association, Minneapolis.

FURTHER DISCUSSION OF PAR COLLECTIONS

CLEARING HOUSES FOR COUNTRY CHECKS— EXTRACT FROM A PAPER BY A COUNTRY BANKER IN MINNESOTA.

The original theory of the exchange charge was that an allowance should be made for the transportation of currency to settle bills wherever checks might be sent—in other words a payment for the expense involved. Nevertheless, exchange charges have been increased until they represent a considerable profit over and above the expense, and operate as a tax on doing business. We are told that those who dance should pay the fiddler—so the city banks, the usual collection agents, object to a continual (excessive) "digging up" when they never get to hear the music. Even Clearing Houses have been known to take a hand in the game. The New York Clearing House admitted that it had overdone the exchange charges, but defended itself on the grounds that the depositor was more than compensated because he had the use of the money until his checks were collected. Infant class reasoning! If there is any one feature of banking which should be impressed upon depositors it is that the best banking practise demands that the issuing of a check should be considered as immediately decreasing the bank balance the amount of the item.

The exchange problem is responsible for the high development of the Boston Clearing House. Their conditions, however, are peculiar, since Boston is the financial and geographical center. The country and the banks are older than out here in the boundless Middle West, and new banks in great numbers do not spring up over night. Likewise, there are more banks in a given area so that each bank may receive large numbers of out-of-town items, and if all charged exchange or if none did it would little affect any individual bank. Nevertheless, there was an exchange problem. To reduce the expense of handling checks to a minimum, the present plan of the Boston Clearing House was put into operation. How well they have succeeded is told in their present cost of collection, only seven cents per \$1,000, to say nothing of the fact that 95 per cent. of the collections are received within forty-eight hours, just a little longer than the time required for collecting city items by mail. Imagine how surprised the Kansas City bankers must have been when they heard of that, they who had been taxed twenty-five and thirty cents on some of their collections and received slow service at that. The Kansas City Country Clearing House in six months' time reduced the gross expense of handling items in its territory

by one-half and the length of time for collecting by one-fourth!

Another phase of the exchange problem: A depositor pays a bill by check. His account is worth nothing to the bank either because of the small balance or because of the many items passing through the account. There is only one way in which the bank can get paid for its services, and that is via the exchange route. The shipment of currency idea does not enter into the problem at all because the amounts of the checks are so small. So, thus, our innocent little item is wafted aloft on the breezes. It is tossed hither and thither, it may encircle its home town several times or be hurled half way across the continent where some misguided institution believes in piling up apparent balances. "Chickens come home to roost," so some day our little items answer to the roll-call and a draft is sent the collecting agent for the major portion of the item. During its journey our little item has passed through many and many a bank, paying for bank directory space, "Special Collection Facilities," or "Send us your items," and the like. Nobody wants to pay the exchange. Thus the merry chase goes on, dissipating the time and energies of large transit departments too often to build up fictitious balances. I have not touched upon the legal complications which arise from such indirect collections, although they are sometimes a serious problem.

We will now consider the idea of needed reforms, believing that there is a better day coming when the present-day wrongs will be righted and that those who dance will cheerfully pay the fiddler without passing the hat among the spectators. Except in the case of Boston, Kansas City, Atlanta and possibly a few others, there is no co-operative system of any magnitude for the collection of the billion and one country checks. The present system not only costs excessive postage, bookkeeping and stationery, but is responsible for further items of expense. The large number of bank drafts thus put into circulation usually help to burden several transit departments before they reach their destination, to say nothing of a trip through the Clearing House there. The large number of items make the bank's account at its correspondent much more active than really necessary. This makes the correspondent's monthly statement very lengthy, necessitating considerable time to draw up and verify several times during the month. Likewise, the country bank is burdened with unnecessary labor to reconcile it. And the end is not yet! All these drafts

must be sorted and filed away. These unnecessary items take up too much time in sorting, to say nothing of taking up much valuable storage space. An awful tax all along the line for an unscientific method of doing business!

I venture to assert that this unfortunate state of affairs is brought about more from a lack of knowledge of the cost of doing business, together with the marvelous and almost unlimited financial growth of the country, with which it has been hard to keep up, than from competition and jealousy. As intelligent co-operation was the means of a vast saving in both Boston and Kansas City, it would seem that some similar application of the country clearing house would effect a vast saving to the banks, both in the large collecting cities and their territories.

SHOULD COUNTRY CHECKS BE CLEARED AT PAR?

EDITOR JOURNAL-BULLETIN: I read with much interest and some surprise the letter of Secretary Dickson, of the Mississippi Bankers Association, discussing the proposed clearance of country checks; surprised at the statement that the gross revenue of Mississippi banks from exchange on customers' checks (estimated) amounts to one-sixth of their net earnings.

I believe that as a rule banks or most of them remit for customers checks at par. We have always done so. What is of interest and much concern to us is, where a customer deposits a number of checks on distant States which neither we nor our city depository can clear at par, shall we be compelled to lose the exchange we pay for collecting them instead of charging the exchange to our depositor? [The Federal Reserve Act specifically states "nothing herein contained shall be construed as prohibiting a member bank from charging its actual expense incurred in collecting and remitting funds."—EDITOR.] There are certain points in some States which require exchange. Where we charge the customers exchange even we have to await advice of credit from our depository, although the customer can draw against the deposit at once.

What concerns us most, however, in transit business, is the items sent us for collection by the city bank. For example: A merchant deposits with his bank in the city a number of drafts drawn against country merchants who have failed to remit for bills rendered. The city bank is compelled to handle them, but aware of the fact that the merchant has failed to collect the bills sends them to the country bank. The country bank enters the item in its collection register, makes out a notice and mails it to the merchant. The latter takes no notice of it and a second notice is sent. Finally the item is returned to the city bank unpaid, and has cost the country bank six cents besides the labor. Seven out of ten of all such items are returned unpaid to the city bank and are handled at a loss. I think ten cents should be enclosed with every such item by the city bank, and the city bank should be allowed to collect the amount from his depositor. It would be manifestly unfair to adopt a rule which would compel a bank to handle any business at a loss.

We handle considerable business which comes from other States. Drafts with B/L attached on which we collect exchange not more than an eighth, but this exchange is charged to the bank which sends us the col-

lection, who in turn charges it to his customer. It would not be fair or reasonable for the forwarding bank to pay this exchange; he makes nothing out of it, while his customer makes a profit from the sale of the goods.

In adopting any rule of action the interest of country banks should be considered.

Gretna, La.

JAMES DINKINS.

STATE BANKERS ASSOCIATION IN RHODE ISLAND.

For some time there has been a State Bankers Association in every State in the Union, excepting Rhode Island; and that being a small State with comparatively few banks, it did not seem practicable to its bankers to form a State Association.

This condition has recently been overcome and there has been organized an association known as the Rhode Island Bankers Association, thus completing the circle of Bankers Associations in the 49 States (including the District of Columbia).

A large representation of bankers of Rhode Island was present at a meeting and banquet held in Providence April 7, 1915, the visiting bankers being the guests of the Providence Clearing House Association. The meeting was an enthusiastic one. A Constitution and By-Laws were adopted, similar to those in use by other Bankers Associations, and officers were elected at this meeting as follows:

President—William P. Goodwin, Treasurer Peoples Savings Bank, Providence.

Vice-President—S. P. Cook, President Producers National Bank, Woonsocket.

Treasurer—Henry L. Wilcox, Cashier National Bank of Commerce, Providence.

Executive Council, one year—Charles Perry, President Washington Trust Company, Westerly; Andrew E. Jenks, Treasurer Slater Trust Company, Pawtucket.

Executive Council, two years—Herbert J. Wells, President Rhode Island Hospital Trust Company, Providence; Edward A. Brown, President National Exchange Bank, Newport.

Executive Council, three years—H. Martin Brown, President Industrial Trust Company, Providence; Robert W. Taft, President Merchants National Bank, Providence.

The Executive Council met subsequently and appointed as Secretary of the Association E. A. Havens, Assistant Cashier Mechanics National Bank, Providence.

The officers of the Association, as well as its Executive Council (all gentlemen who were prominent in bringing about this organization) are a full guarantee that the Rhode Island Bankers Association will be successful.

LOUISIANA CONVENTION.

The Louisiana Bankers Association held its annual convention in New Orleans, April 15th and 16th, at the St. Charles Hotel. The attendance was far above the average and the principal subjects under discussion by the speakers were agriculture and the practical working of the new banking system.

President Querbes in his annual address predicted a future for the farmer when he gets away from the

one-crop idea. He believes the tariff duty on sugar should be restored and sees better times ahead for that industry.

Several important resolutions were adopted, the principal one being to urge upon Congress the importance of making an appropriation for the establishment of an agricultural building at the Louisiana State University in Baton Rouge, and for the creation of textile training departments at the Louisiana Industrial School at Ruston and the Southwestern Industrial Institute at Lafayette. Other resolutions were adopted bearing on important changes in the Federal Reserve Act.

At a meeting of the Louisiana members of the American Bankers Association, Eugene Cazadessus, Cashier of the Bank of Baton Rouge, was elected Vice-President for Louisiana, and W. W. Bouden, Cashier of the Whitney-Central Trust & Savings Bank of New Orleans, for member of the Nominating Committee.

The slate of officers reported by the Chairman of the Nominating Committee was unanimously adopted. They are: President, L. M. Pool, President Hibernia Bank & Trust Company, New Orleans; Vice-President, J. W. Bolton, President Rapides Bank, Alexandria; Secretary, L. O. Broussard, President Bank of Abbeville, Abbeville (re-elected); Treasurer, Arthur T. Kahn, Vice-President Commercial National Bank, Shreveport (re-elected).

TENNESSEE CONVENTION.

The 25th annual convention of the Tennessee Bankers Association was held at Nashville, April 27th and 28th. The meeting was called to order by President P. D. Houston, Vice-President of the Fourth & First National Bank. After an invocation by Dr. H. J. Mikell, Rector of Christ Church, addresses of welcome were made by W. R. Cole on behalf of the Nashville banks, and by Hon. H. E. Howse on behalf of the city, to which J. B. Walker, President of the First National Bank of Centreville, responded.

Among those who addressed the convention were: James B. Pike, Cashier of the Federal Reserve Bank of Atlanta, on "The Influence and Operations of the Federal Reserve Banks"; Elbert Hubbard, of East Aurora, N. Y., on "Getting Together," and Oscar Wells, President of the First National Bank of Birmingham, Ala., on "New and Interesting Problems."

In order to avoid the reading of long reports at the meeting, the reports of the officers were printed in pamphlet form and distributed among the members of the Association.

At a meeting of the State Bank Section a most interesting Legal Discussion was held. This was led by John R. Aust, General Counsel of the Association.

MAINE NATIONAL BANKERS ASSOCIATION.

The Maine National Bankers Association held a meeting at the Falmouth Hotel, Portland, Me., on Saturday, April 17th, giving a banquet in honor of Governor Alfred L. Aiken, Chairman Frederick H. Curtiss and Director C. A. Morss, all of the Federal Reserve Bank of Boston, Mass. No business was transacted, the ob-

ject of the meeting being to have a full exposition of the Federal Reserve Law and the method and systems employed by the Regional banks.

Addresses were made by the members of the Federal Reserve Bank of Boston (above mentioned) that were most excellent, and the large number of National bankers of the State of Maine present received information of value. The results cannot help but be beneficial to the system.

General Secretary Farnsworth, of the American Bankers Association, was present, by invitation, and made a few remarks.

The bankers were given an opportunity to question the officers of the Boston Regional Bank. President Charles S. Hichborn of the Maine National Bankers Association presided most happily as toastmaster and the bankers of Portland co-operated heartily in making the meeting a success. The excellent preliminary arrangements were made by E. S. Kennard, Secretary and Treasurer of the association.

MISSOURI BANKERS ASSOCIATION.

The twenty-fifth annual convention of the Missouri Bankers Association, which will be held in Kansas City May 25th and 26th, bids fair to eclipse all previous efforts along this line. A most attractive program of speakers has been arranged on which the following names appear: Myron T. Herrick, of Cleveland; William A. Law, of Philadelphia; George E. Roberts, of New York; Breckenridge Jones, of St. Louis; O. M. W. Sprague, of Harvard University, and A. O. Eberhart, of St. Paul.

Legal discussions of much interest are promised and they are to be led by William McC. Martin, Chairman of the Board, Federal Reserve Bank of St. Louis. The subjects for discussion are (1) Statements of Borrowers, (2) Notes Eligible for Rediscount With a Federal Reserve Bank, (3) Payment of Note by Check.

ANNUAL MEETING OF THE RESERVE CITY BANKERS.

The third annual meeting of the Association of Reserve City Bankers was held in Louisville April 19th and 20th. About 150 members were in attendance and enjoyed an unusually interesting program. In accordance with the custom of this organization all sessions were held behind "closed doors," so to speak, that is, newspaper men and other non-members were barred. A full and free discussion followed each address, in which practically everybody took part. The greater interest centered around the transit and clearing problem, but a more diversified field was covered this year with papers on foreign and domestic acceptances, audited borrower's statements and the extension of trust company powers to commercial banks.

The American Bankers' Association was unofficially represented by the President and Secretary of the Clearing House Section, who are members. Telegrams of greeting and good will were read from the President and General Secretary of the American Bankers Association. It was decided to hold next year's meeting in Detroit.

LIBRARY DEPARTMENT

MARIAN R. GLENN, LIBRARIAN

Report of the Librarian to the Executive Council

Last year the Library loaned to Association members 4,000 books, pamphlets and reference articles. During the half year since the Richmond convention it has loaned more than twice as many, or approximately 9,000.

So marked an increase indicates that the foresight of the Association in starting, three and a half years ago, such an agency for the centralizing of banking information, has been fulfilled by the reference service it has been able to render to members in this period of transition to a new order of banking under the Federal Reserve System.

If the Department simply supplied the few existing books on banking practice, there would be no special point in the Association maintaining it. But it is the fact that it does not duplicate, except in minor details, the work of other financial libraries; that it stands alone as the only collection of its kind, and is unique even among business libraries in the scope of its service—which makes its relation to the business of banking of added value as that business becomes more diverse and more highly specialized.

A tendency to study the primary principles upon which changing practice under the Federal Reserve System is based has been marked by so sudden an increase in the requests for books on banking history and theory as to necessitate the purchase of duplicate copies of titles which were previously used only for occasional reference.

City bankers are usually specialists in some one phase of banking, so their requests are more often for material on comparative practice, or departmental methods. But country bankers are studying their banks in new and broader relationships since the Federal Reserve Act went into operation, and it is to them that the Library now makes most of its loans. Information on credit analysis, credit methods and commercial paper practice have been in especial demand, as have the books on foreign exchange and articles on acceptances, discounts and related subjects.

In addition to filling individual requests, the Library is often able to render group service to committees of State bankers associations, such as the Missouri law revision and rural credits committees, and to chapters of the American Institute of Banking for debate purposes.

Agricultural credit material has been in frequent demand recently and, during legislative sessions the past winter, the Library received several rush requests from bankers for its guaranty of deposit arguments.

It seems unnecessary to describe the technical detail by means of which the Library collects, classifies

and card catalogs its material. But it will perhaps suffice to indicate the increasing work involved in the growth of the Library, to say that an average of 1,000 catalog cards and 1,500 clippings have been prepared and added to the files monthly since the last report, while the number of books added and cataloged has equaled that of the entire preceding year.

A fuller account of the Library's work will be reserved until the Seattle meeting, in order to determine more accurately the trend of certain of its developments as a basis of future policy and practice. It should, however, be briefly explained to new members of the Council that the Association is not maintaining a Library in the academic sense. Big business has required and developed a new and different type of information bureau, called Library for lack of a better term. Books are the least important part of the equipment of a business library, and that maintained by the Association consists chiefly of ready reference material in the form of pamphlets, clippings, periodical excerpts, etc., arranged in filing cabinets ready to be mailed to any part of the country in response to letters and telegrams.

MORATORIUM IN RUSSIAN POLAND.

By decree of October 5, 1914, a moratorium was established in Russian Poland, which has recently been extended four months for contracts and obligations entered into prior to July 17, 1914, and expiring between November 17 and January 17, and two months for contracts entered into prior to July 17, 1914, and expiring between January 17 and March 17, 1915, writes Consul-General John H. Snodgrass, Moscow, Russia, March 10th. Another decree gives the right to delay the protest of bills of exchange issued in Poland prior to July 17th for eight months on bills due between July 17th and November 18th, for four months on bills due between November 18th and January 17th, and for two months on bills due between January 18th and March 17th.

CAUSE FOR WEeping.

At the funeral of Baron Lionel de Rothschild, father of the recently deceased Lord Rothschild, a poor old man wept loudly and bitterly.

"Why are you crying?" inquired a bystander. "You are no relation of Rothschild."

"No," howled the mourner, "that's just why I'm crying."

LEGAL DEPARTMENT

THOMAS B. PATON, GENERAL COUNSEL

Regulations and Circulars of the Federal Reserve Board

BANKERS' ACCEPTANCES.

Circular No. 11. Series of 1915. April 2, 1915.
(Supersedes Circular No. 5 of 1915.)

An amendment of the Federal Reserve Act, approved March 3, 1915, made an alteration in paragraphs 3 and 5 of section 13, which are quoted at length in Circular No. 12.

This amendment granting the right to Federal Reserve Banks to discount acceptances of member banks based upon importation or exportation of goods beyond 50 per cent. up to 100 per cent. of their unimpaired capital stock and surplus, with the authority of the Federal Reserve Board, has made it necessary to issue a new regulation on the subject of Bankers' Acceptances. The Federal Reserve Board, therefore, issues this circular, which is a reprint of and is to supersede Circular No. 5, Series of 1915. A new regulation is hereto appended which is to supersede Regulation D, Series of 1915, and which contains some alterations that experience has proved desirable.

"Acceptances" are dealt with in the Federal Reserve Act in two different sections—sections 13 and 14. Section 13 deals with the "acceptance" as one of the forms of paper in the discount of which Federal Reserve Banks may engage, restricting the discount of acceptances to such as bear the indorsement of a member bank. Section 14 invests the Federal Reserve Banks, under regulations to be prepared by the Federal Reserve Board, with power to engage in open-market operations, of which the "banker's acceptance" is one of the most important.

Careful study has led the Federal Reserve Board to the conclusion that, at any rate in the first stages, so far as practicable, priority should be given to operations under section 13. The acceptance is still in its infancy in the field of American banking. How rapid its development will be cannot be foretold; but the development itself is certain. Opportunity is given by the Federal Reserve Act to assist the movement in this new direction; the present regulations are to be regarded as a first step and will be extended as circumstances and a reasonable regard for the other uses and needs of the credit facilities of the Federal Reserve System may warrant.

It is believed that it would unduly restrict the development of the acceptance business to keep it altogether confined within the provisions of section 13, which

require that acceptances, in order to be eligible for rediscount at a Federal Reserve Bank must bear the indorsement of a member bank. Having found it necessary to extend the scope of dealings in acceptances beyond these limits, the Board has exercised the authority conferred upon it by section 14, and has formulated regulations covering the purchase of acceptances without invariably requiring the indorsement of a member bank.

The acceptance is the standard form of paper in the world discount market, and both on this account and because of its acknowledged liquidity universally commands a preferential rate. By reason of its being readily marketable it is widely regarded as a most desirable paper in the secondary reserves of banks and will help to provide an effective substitute for the "call loan." Its growth, however, will depend upon the ability of the American market to adjust its rates effectively to those prevailing in other markets for paper of this class.

Recognizing these facts, the Federal Reserve Board has determined to allow the Federal Reserve Banks latitude in fixing rates for acceptances: Federal Reserve Banks may, from time to time, submit for the approval of the Board maximum and minimum rates within which they desire to be authorized to deal in acceptances; within such limits and subject to such modifications as may be imposed by the Board, Federal Reserve Banks will be allowed to establish the rates at which they will deal in acceptances.

The Board believes it to be in accordance with the spirit of the Act to accord preferential treatment to acceptances bearing the indorsement of member banks, offered for rediscount under section 13—even to the point of allowing lower rates for such acceptances, inasmuch as, under the terms of this section, such acceptances are available as collateral against the issue of Federal Reserve notes; and the Board will sanction a slight preferential in favor of acceptances bearing the indorsement of member banks.

When acceptances bearing the indorsement of member banks are not obtainable in adequate amount or upon satisfactory terms Federal Reserve Banks desiring to purchase acceptances should restrict themselves, as far as possible, to such acceptances as bear some other responsible signature (other than that of the drawer and the acceptor), and preferably that of a bank or banker.

H. PARKER WILLIS,
Secretary.

CHARLES S. HAMLIN,
Governor.

BULLETIN OF THE AMERICAN INSTITUTE OF BANKING

REGULATION REGARDING BANKERS' ACCEPTANCES.

Regulation J. Series of 1915. April 2, 1915.
(Superseding Regulation D of 1915.)

I.

DEFINITION.

In this regulation the term "acceptance" is defined as a draft or bill of exchange drawn to order, having a definite maturity, and payable in dollars, in the United States, the obligation to pay which has been accepted by an acknowledgment written or stamped and signed across the face of the instrument by the party on whom it is drawn; such agreement to be to the effect that the acceptor will pay at maturity according to the tenor of such draft or bill without qualifying conditions.

II.

STATUTORY REQUIREMENTS UNDER SECTIONS 13 AND 14.

Section 13 of the Federal Reserve Act as amended provides that—

(a) Any Federal Reserve Bank may discount acceptances—

(1) Which are based on the importation or exportation of goods;

(2) Which have a maturity at time of discount of not more than three months; and

(3) Which are indorsed by at least one member bank.

(b) The amount of acceptances so discounted shall at no time exceed one-half the paid-up capital stock and surplus of the bank for which the discounts are made, except by authority of the Federal Reserve Board and of such general regulations as said Board may prescribe, but not to exceed the capital stock and surplus of such bank.

(c) The aggregate of notes and bills bearing the signature or indorsement of any one person, company, firm, or corporation rediscounted for any one bank shall at no time exceed 10 per centum of the unimpaired capital and surplus of said bank; but this restriction shall not apply to the discount of bills of exchange drawn in good faith against actually existing values.

Section 14 of the Federal Reserve Act permits Federal Reserve Banks, under regulations to be prescribed by the Federal Reserve Board, to purchase and sell in the open market bankers' acceptances, with or without the indorsement of a member bank.

III.

RULING.

The Federal Reserve Board, exercising its power of regulation with reference to paragraph II. (b) hereof, rules as follows:

Any Federal Reserve Bank shall be permitted to discount for any member bank "bankers' acceptances" as hereinafter defined up to an amount not to exceed the capital stock and surplus of the bank for which the discounts are made.

IV.

ELIGIBILITY.

The Federal Reserve Board has determined that, until further order, to be eligible for discount under Section 13, by Federal Reserve Banks, at the rates to be established for bankers' acceptances:

(a) Acceptances must comply with the provisions of Paragraph II (a), (b), (c) hereof;

(b) Acceptances must have been made by a member bank, non-member bank, trust company, or by some private banking firm, person, company or corporation engaged in the business of accepting or

discounting. Such acceptances will hereafter be referred to as "bankers'" acceptances:*

(c) A banker's acceptance must be drawn by a commercial, industrial or agricultural concern (that is, some person, firm, company or corporation) directly connected with the importation or exportation of the goods involved in the transaction in which the acceptance originated, or by a "banker." In the latter case the goods, the importation or exportation of which is to be financed by the acceptance, must be clearly specified in the agreement with or the letter of advice to the acceptor. The bill must not be drawn or renewed after the goods have been surrendered to the purchaser or consignee.

(d) A banker's acceptance must bear on its face or be accompanied by evidence in form satisfactory to a Federal Reserve Bank that it originated in an actual bona fide sale or consignment involving the importation or exportation of goods. Such evidence may consist of a certificate on or accompanying the acceptance to the following effect:

This acceptance is based upon a transaction involving the importation or exportation of goods. Reference No. _____. Name of acceptor _____.

(e) Bankers' acceptances, other than those of member banks, shall be eligible only after the acceptors shall have agreed in writing to furnish to the Federal Reserve Banks of their respective districts, upon request, information concerning the nature of the transactions against which acceptances (certified or bearing evidence under IV (d) hereof) have been made.

(f) A bill of exchange accepted by a "banker" may be considered as drawn in good faith against "actually existing values," under II (c) hereof, when the acceptor is secured by a lien on or by transfer of title to the goods to be transported; or, in case of release of the goods before payment of the acceptance, by the substitution of other adequate security;

(g) Except in so far as they may be secured by a lien on or by transfer of the title to the goods to be transported, as under (f), the bills of any person, firm, company or corporation, drawn on and accepted by any private banking firm, person, company or corporation (other than a bank or trust company) engaged in the business of discounting and accepting, and discounted by a Federal Reserve Bank, shall at no time exceed in the aggregate a sum equal to five per centum of the paid-in capital of such Federal Reserve Bank;

(h) The aggregate of acceptances of any private banking firm, person, company or corporation (other than a bank or trust company) engaged in the business of discounting or accepting, discounted or purchased by a Federal Reserve Bank, shall at no time exceed a sum equal to 25 per centum of the paid-in capital of such Federal Reserve Bank.

To be eligible for purchase by Federal Reserve Banks under Section 14, bankers' acceptances must comply with all requirements and be subject to all limitations hereinbefore stated, except that they need not be indorsed by a member bank: *Provided, however*, That no Federal Reserve Bank shall purchase the acceptance of a "banker" other than a member bank which does not bear the indorsement of a member bank, unless a Federal Reserve Bank has first secured a satisfactory statement of the financial condition of the acceptor in form to be approved by the Federal Reserve Board.

V.

POLICY AS TO PURCHASES.

While it would appear impracticable to fix a maximum sum or percentage up to which Federal Reserve Banks may invest in bankers' acceptances, both under

*Drafts and bills of exchange eligible for rediscount under Section 13, other than "bankers'" acceptances, have been dealt with by Regulation B, series of 1915.

Section 13 and Section 14, it will be necessary to watch carefully the aggregate amount to be held from time to time. In framing their policy with respect to transactions in acceptances, Federal Reserve Banks will have to consider not only the local demands to be expected from their own members, but also requirements to be met in other districts. The plan to be followed must in each case adapt itself to the constantly varying needs of the country.

CHARLES S. HAMLIN,
Governor.
H. PARKER WILLIS,
Secretary.

ACCEPTANCE BY MEMBER BANKS.

(Circular No. 12. Series of 1915. April 2, 1915.)

By act of Congress approved March 3, 1915, Section 13 (Paragraphs 3, 4 and 5 of the Federal Reserve Act) was amended and re-enacted so as to read as follows:

Any Federal Reserve Bank may discount acceptances which are based on the importation or exportation of goods and which have a maturity at time of discount of not more than three months and indorsed by at least one member bank. The amount of acceptances so discounted shall at no time exceed one-half the paid-up and unimpaired capital stock and surplus of the bank for which the rediscounts are made, except by authority of the Federal Reserve Board, under such general regulations as said board may prescribe, but not to exceed the capital stock and surplus of such bank.

The aggregate of such notes and bills bearing the signature or indorsement of any one person, company, firm or corporation rediscounted for any one bank shall at no time exceed 10 per centum of the unimpaired capital and surplus of said bank; but this restriction shall not apply to the discount of bills of exchange drawn in good faith against actually existing values.

Any member bank may accept drafts or bills of exchange drawn upon it and growing out of transactions involving the importation or exportation of goods having not more than six months' sight to run; but no bank shall accept such bills to an amount equal at any time in the aggregate to more than one-half of its paid-up and unimpaired capital stock and surplus, except by authority of the Federal Reserve Board, under such general regulations as said board may prescribe, but not to exceed the capital stock and surplus of such bank, and such regulations shall apply to all banks alike, regardless of the amount of capital stock and surplus.

In order to give effect to the above amendment of the law the Federal Reserve Board issues the appended Regulation K, Series of 1915, stating the conditions under which member banks may accept, up to 100 per cent. of their capital and surplus, drafts or bills of exchange growing out of transactions involving the importation or exportation of goods and having not more than six months' sight to run.

CHARLES S. HAMLIN,
Governor.
H. PARKER WILLIS,
Secretary.

REGULATION REGARDING ACCEPTANCE BY MEMBER BANKS.

(Regulation K. Series of 1915. April 2, 1915.)

Any member bank may accept drafts or bills of exchange drawn upon it, having not more than six months' sight to run and growing out of transactions involving the importation or exportation of goods up to an

amount not exceeding the capital and surplus of such bank, provided that—

(1) Every such bank shall possess an unimpaired surplus of not less than 20 per cent. of its paid-in capital.

(2) Every such bank shall file formal application with the Federal Reserve Bank of its district, which shall report to the Federal Reserve Board upon the standing of such applicant, stating also whether the business and banking conditions prevailing in the district warrant the granting of such applications in said district.

(3) Every such application shall first have been approved by the Federal Reserve Board.

Approval of any such application may be rescinded, and modifications of this regulation may be made, by the Federal Reserve Board upon notice of 90 days to the bank or banks thereby affected.

CHARLES S. HAMLIN,
Governor.
H. PARKER WILLIS,
Secretary.

POWER OF NATIONAL BANK TO CONTRACT FOR INSURANCE OF DEPOSITS.

Some time ago, at the instance of a guaranty company and certain National banks, the Secretary of the Treasury called upon the Attorney-General for an opinion whether it is within the power of a National bank to make a contract with a bonding company under which, in consideration of premiums paid by the bank, the company insures and guarantees to each depositor the full payment of his deposit. On March 31st the Attorney-General rendered his opinion that it is within the power of a National bank to enter into such a contract. Copy of this important opinion has been received through the courtesy of the Secretary of the Treasury and it is published in full for the information of our members.

Department of Justice.
Washington, D. C., March 31, 1915.

The Secretary of the Treasury:

Sir—I have the honor to acknowledge the receipt of your letter of February 12, 1915, enclosing letter of the Comptroller of the Currency, opinion of the acting Solicitor of the Treasury and brief filed with the Comptroller on behalf of a guaranty company and certain National banks, in which the question is raised as to whether a National bank may enter into a contract with a guaranty company under which, in consideration of premiums paid by the bank, the company "insures and guarantees each depositor in the bank the full payment of his deposit therein." You ask my opinion upon this question.

In my opinion it is within the power of a National bank to enter into such a contract.

The law confers upon National banks such incidental powers as are required to meet all legitimate demands of the banking business, and to enable them to conduct their affairs safely and prudently within the scope of their charters. Section 5136, Revised Statutes. *First National Bank v. National Exchange Bank*, 92

U. S. 122, 127. The power to give security for deposits seems to be recognized by Section 5153, Revised Statutes, as among these incidental powers. The section last mentioned, after providing that all associations created under the Act shall, when so designated by the Secretary of the Treasury, be depositaries, further provides that "The Secretary of the Treasury shall require the associations thus designated to give satisfactory security, by the deposit of United States bonds and otherwise, for the safe keeping and prompt payment of the public money deposited with them," etc. It is believed that this section is more reasonably construed as a recognition of the existence of the power on the part of National banks to give security for deposits than as a grant by implication of authority to give security for Government deposits alone.

The power of banks to give security for deposits or for payment of their debts has been frequently recognized. It has been held that the property of a bank may be pledged as security for a debt (*United States v. Robertson* (1831), 5 Pet. 641, 650); that a bond with sureties may be given to prevent depositors from withdrawing their accounts (*Wylie v. Commercial & Farmers' Bank* (1902), 41 S. E. 504, 509, 63 S. C. 406), and that a National bank may give its bonds with sureties to secure a deposit of State funds. (*State of Nebraska v. First National Bank of Orleans* (1898), 88 Fed. 947, 951.)

The power to contract for guaranteeing or securing depositors arises from the nature of the relation existing between the banks and their depositors. The relation created between the bank and a depositor by the receipt of deposits is that of debtor and creditor. *National Bank v. Millard* (1869), 10 Wall, 152, 155; *Davis v. Elmira Savings Bank* (1896), 161 U. S. 275, 288. The power to receive deposits, expressly granted to every National bank (Sec. 5136 R. S.), is, of course, indispensable to the conduct of the business of banking, and the extent of its exercise is in a degree the measure of the success of the bank. The ability of a bank to obtain deposits largely depends upon the confidence of depositors, or the belief that their deposits are secure. Loss of such confidence on the part of depositors is usually attended with loss and inconvenience to them, to the bank and to the public. The law accordingly imposes upon the bank an imperative duty not only to repay deposits, but to keep them secure. For the protection of depositors its revenues and property are pledged, its stockholders are made subject to a double liability and its directors may be held liable for a violation of their duties.

The means by which depositors are to be protected and secured are not expressly limited or restricted by statute. A large discretion is left to the officers and directors. They may use such means for the purpose as are not prohibited by or inconsistent with the provisions of the law, and as they may reasonably find to be suitable and proper and not inconsistent with the prudent conduct of the affairs of the bank within the scope of its charter. "Whatever protects the depositors," it has been said, "protects the bank, because it assures confidence in the bank." *Noble State Bank v. Haskell* (1908), 22 Okla. 48, 89.

A contract of insurance or guaranty, such as described in the question submitted, may afford protection

to depositors by securing the performance of an obligation on the part of the bank which otherwise might not be performed. And it is not unreasonable to believe that such a contract, at the same time, may prove valuable to the bank because of the confidence it may assure. No reason is perceived for prohibiting a National bank, in the discretion of its directors, from so securing its depositors, or for denying to the bank such benefits as they believe may accrue in the form of increased confidence resulting from such a contract.

Opinions of former Attorneys-General, dated respectively July 28, 1908 (27 Op. 37), and April 6, 1909 (27 Op. 272), are referred to in the enclosures as having been construed by the Comptroller of the Currency as holding that National banks are without authority to pay, as part of their legitimate expenses, premiums on policies insuring their depositors against loss.

As I view these opinions the conclusion in neither of them is inconsistent with the conclusion reached herein. The opinion of July 28, 1908, construing the Oklahoma State Banking Act, determined that a National bank could not lawfully participate in the plan contemplated by the Act for the guarantee of deposits, because it involved essentially a guaranty to the depositors of other banks that they should be paid in full—a contract which was deemed beyond the powers of the bank to make. The opinion of April 6, 1909, held that National banks in the State of Kansas could not avail themselves of the bank depositor's guaranty law of that State. The inquiry, upon the answer to which the decision rests, was whether an acceptance of the provisions of the Kansas law "would so control the conduct of the affairs of National banks as to expressly conflict with the laws of the United States."

As pointed out in the opinion of the Solicitor of the Treasury, the more recent opinion of May 7, 1909 (27 Op. 324), in which the form of a policy of insurance guaranteeing the assets of a National bank against loss was approved, provided certain suggested modifications should be made, is more nearly in point on the question now under consideration, and is in harmony with the views herein expressed.

The language employed in the opinions of July 28, 1908, and April 6, 1909, to the effect that national banks are without power to contract for insuring that depositors shall be paid in full, was used in the course of argument merely, applied to a question which it was not necessary to determine, and may be disregarded so far as inconsistent with this opinion.

Respectfully,

(Signed) T. W. GREGORY,
Attorney-General.

ACKNOWLEDGMENT OVER TELEPHONE.

In the JOURNAL for March, 1915 (page 686) General Counsel published an opinion "that an acknowledgment taken by a notary public over the telephone would not be valid, as it would not satisfy the requirement of the law that the person making the acknowledgment must personally appear before the notary." In rendering this opinion it was stated "that no decided

case where the precise question of the validity of an acknowledgment taken over the telephone has been the subject of decision" had been found and the opinion was based upon an examination of various statutes which without exception require the personal appearance of the acknowledgor before the notary, and also in view of authorities that a notary is guilty of negligence if he certifies that he knows a person to be the identical one who executed an instrument without such person actually appearing before him and personally acknowledging the instrument in his presence. Reasoning from these cases, the conclusion was reached that the law requires a personal appearance of the acknowledgor before the notary and that the taking of an acknowledgment over the telephone would not satisfy such requirement.

Further examination has disclosed a decision by the Supreme Court of Tennessee in October, 1910 (*Wester v. Hurt*, 130 S. W. 842), in which it was directly held that a wife's acknowledgment cannot be taken by telephone conversation. In that case, after a deed was signed it was taken to a notary public. "He called Mrs. Wester over the telephone and attempted to take her privy examination by a conversation in this way." But the court said: "It is clear that if the officer taking the privy examination of the married woman does not have a personal interview with her, and does

not propound the required questions to her while in her presence, he cannot determine judicially whether the deed has been executed in the manner and under the conditions that the law requires in order to make a valid conveyance of a married woman's estate. This is manifest from the language of the statute itself. The officer is to determine as a matter of judicial judgment that she did execute the instrument freely, voluntarily and understandingly, and without compulsion or constraint from her husband; and this he cannot do out of her presence, because her appearance, manner and demeanor may become more potent factors in ascertaining the truth of this than mere formal answers to questions.

"The language employed by the Legislature in prescribing the form of the certificate made by the officer taking the examination precludes a construction which would uphold an acknowledgment taken in this way, and therefore it was clearly not within the legislative intent that this should be done.

"We are of opinion, therefore, that this attempted privy examination of Mrs. Wester was a mere empty form, unauthorized by the statute, and the certificate made by the officer, although it contained the proper words, does not establish the facts certified to."

The above decision fortifies the opinion heretofore published on the subject.

OPINIONS OF THE GENERAL COUNSEL

VALIDITY AND NEGOTIABILITY OF CHECK.

WHERE AMOUNT OF CHECK NOT EXPRESSED IN WORDS, BUT FIGURES STAMPED BY PROTECTOGRAPH IN BODY, OPINION THAT INSTRUMENT IS VALID AND NEGOTIABLE, AND MAKER NOT NEGLIGENT IN SO DRAWING CHECK.

From Massachusetts:—We attach herewith a specimen cheque on which the amount has been filled in by a "Protectograph," which is being used a great deal about here. We would thank you to give us an expression of your opinion as to whether, if this cheque is raised, the maker used due diligence, care and precaution in filling in the cheque. As we understand various decisions, the written amount is the "legal amount," but you will note on the specimen cheque attached there is no written amount.

The specimen check presented is drawn for \$358.86, that amount being stated in figures in the usual way, but the blank line ending with the word "dollars" instead of being filled out in writing in the ordinary way "Three hundred and fifty-eight, 86/100," is stamped with a protectograph as follows: "Pay \$358 and 86 cts."

The question is whether the maker uses due diligence, care and precaution in so filling in the check, and also whether the check is a valid and complete instrument in view of the fact that the amount is not expressed in words.

Taking up the last question first, I think the check is valid and complete. While it is customary in drawing a check that the amount be stated both in words and in figures, and the rule is well recognized that in determining the amount for which a check is drawn the

words will control the figures where there is a discrepancy between them, yet if the amount is stated solely in figures in the body of the check I do not understand the instrument would be held incomplete and invalid for that reason. True, the Negotiable Instruments Act provides that to be negotiable the instrument, among other things, "must be in writing and signed by the maker or drawer," and also provides that "writing" includes print. But while "writing" is generally understood to be the expression of ideas by visible letters, I think the statement of an amount by figures would come within the definition of writing.

Webster defines writing as the "act or art of forming letters and characters on paper, wood, stone, etc., to record the ideas which characters and words express, or to communicate them by visible signs." A holographic will is one wholly in the handwriting of the person from whom it proceeds, and it has been held that because the amount of a legacy in such a will is expressed in figures does not invalidate it. *Succession of Vanhille*, 21 So. (La.) 191. In *Northrup v. Sanborn*, 22 Vt. 433 an order for the payment of money read: "Please to pay the bearer, Jos. B. Clouth, \$7.89," and the court held that when accepted it was a contract to pay \$37.89; that if prefixed by the usual sign "\$" no one could entertain any doubt, and without such sign the legal intentment was the same.

Several cases have been before the courts where the amount has been expressed in figures in the margin of the instrument, but no statement of the amount, either in words or figures, made in the body, the line where the amount is usually written being blank. In *Connecticut (Norwich Bank v. Hyde)*, 13 Conn. 279 and

in Iowa (*Hollen v. Davis*, 59 Ia. 444) such instruments have been held invalid and unenforceable but, to the contrary, the Supreme Court of Indiana (*Witty v. Insurance Co.*, 123 Ind. 411) has held such an instrument complete, and the Supreme Court of Massachusetts also (*Ives v. Farmers Bank*, 2 Allen, 236) has indicated the opinion that there is a sufficient statement of the amount to constitute a complete note where the figures are stated on the margin, though the amount in the body is left blank.

The last cited cases differ from the form of check under consideration, where the amount is not only expressed in figures in the margin, but also, by means of protectograph, in the body of the check. In such a case I am of opinion that the check is sufficiently in writing to comply with the statute governing its negotiability and is a valid check for \$358.86.

The further question is whether the maker of the check, by using the protectograph to fill in the amount in figures instead of writing the amount in the ordinary way, uses sufficient diligence, care and precaution. The raised check cases in which the drawer has been held negligent are mostly those where he has left a blank before or after the written amount so as to permit of the writing of an increased amount without exciting suspicion. See, for example, *Timbel v. Garfield National Bank*, 106 N. Y. Supp. 497, where the words "Nine hundred" were written in the middle of the blank, leaving sufficient space to prefix the word "forty" without exciting suspicion, and there was also a space between the dollar mark and the figures "900" sufficient to insert the figure "4." The court held the bank could not be held liable for paying a check so altered. But, as said in *Crawford v. West Side Bank*, 100 N. Y. 50: "The question of negligence cannot arise unless the depositor has, in drawing his check, left blanks unfilled, or by some affirmative act of negligence has facilitated the commission of a fraud by those in whose hands the check may come." Also in *Critten v. Chemical National Bank*, 171 N. Y. 219, the court said: "Now, while the drawer of a check may be liable where he draws the instrument in such an incomplete state as to facilitate or invite fraudulent alterations, it is not the law that he is bound to so prepare the check that nobody else can successfully tamper with it."

In the case of the check under consideration, however, the drawer would seem to have exercised due care and diligence, for, presumably, a check so drawn would be less susceptible of alteration than a check where the amount is not so protected but the amount is expressed in writing in the ordinary way. True, the stamped amount made by the protectograph is in the center of the amount blank and there is considerable space at the left end of the check and also to the right of the stamp, preceding the word "dollars," but such blanks could not be utilized for purpose of alteration in the same way as if the amount was written in words in the middle of the line with the preceding space left blank. The amount, furthermore, is prefixed by the word "pay."

I am inclined to the opinion, therefore, that the maker of this specimen check would not be held guilty of negligence in drawing it in this way. At the same time, the question of negligence on the part of the maker in cases of this character is one of fact to be submitted to and determined by a jury in each particular case.

CHECK "IN FULL PAYMENT OF ACCOUNT."

WHERE THERE IS AN HONEST DISPUTE BETWEEN DEBTOR AND CREDITOR AS TO THE AMOUNT DUE UPON OPEN ACCOUNT AS SHOWN BY THEIR RESPECTIVE BOOKS THE ACCEPTANCE BY THE CREDITOR OF THE DEBTOR'S CHECK FOR AN AMOUNT LESS THAN CLAIMED, STATED TO BE "IN FULL OF ACCOUNT," WILL BAR THE CREDITOR FROM RECOVERING A FURTHER AMOUNT.

From Illinois:—One of the firm of our institution is administrator of an estate and a firm owes the said estate an open account. The books of the intestate show that the firm of John Jones Co. (not incorporated) owes said estate \$75. The John Jones Co. were notified of the amount due as shown by the books of the deceased of \$75. They desired time to compare the account with theirs and notified the administrator that they had checked over their accounts and found only \$52 due, and would send check for \$52 if satisfactory. The administrator wrote them to send check for \$52, for which he would give them credit, stating he would compare accounts at the first opportunity. After notifying them twice they sent a check to the administrator for the sum of \$52 and wrote in the corner of the check at lower left hand side "In full payment of J. A. Smith acct." and wrote a letter at the same time stating, "Inclosed find check for \$52 in full payment of the J. A. Smith account."

If the administrator accepts this check and indorses the same and applies to the account of John Jones Co., does this pay the account in full? Provided, of course, that they do owe more than the \$52. The administrator is inclined to think that they do owe the full amount, but desires to accept the \$52 if he can. Of course, the question is, does the words "In full payment of J. A. Smith acct." written on a check liquidate a debt that is greater than the amount of the check and under the circumstances as stated.

If A holds a judgment against B (*Tucker v. Martin*, 2 Pa. Dist. Rep. 97), or a note or settled account (*Hussey v. Crass*, 53 S. W. [Tenn.] 986)—in other words, where the amount due is a settled or fixed amount—the acceptance of a check for less than that amount "in full" will not bar the creditor from recovering the full amount; but where the amount due is unliquidated or disputed acceptance of a check in full will prevent the creditor from recovering anything more. Instances of the last-stated character, where the acceptance of a check in full has operated to bar further recovery, are a claim for paper pulp sold where the buyer claimed a deduction for moisture (*St. Regis Paper Co. v. Tonawanda Board & Paper Co.*, 107 App. Div. [N. Y.] 90), a disputed printer's bill for catalogues (*Scheffenacker v. Hooper*, 113 Mo. 111), claim of a sub-contractor against the principal contractor on a railroad (*Hussey v. Crass*, supra), claim of a salesman for commissions upon orders sent by a purchaser direct to firm (*Gribble v. Raymond Van Praag Supply Co.*, 109 N. Y. Supp. 242).

In the present case the claim is upon open account. The books of the creditor indicating an indebtedness of \$75 and the books of the debtor only \$52, for which the latter sends check "in full payment, J. A. Smith account."

I am inclined to the opinion that the claim in the present case would be deemed unliquidated or disputed,

so that if the administrator accepted the check for \$52 it would bar recovery of anything more. There must, of course, be an honest difference of opinion or dispute. Without an honest dispute an agreement to take a lesser amount in payment of a liquidated claim is without consideration and void. *Fuller v. Kemp*, 138 N. Y. 231. A dispute cannot be raised for the mere purpose of extorting money and an arbitrary refusal to pay, based on mere pretense of the debtor, made for the obvious purpose of exacting terms which are inequitable and oppressive, is not such a dispute as will satisfy the requirements of the rule. *San Juan v. St. John's Gas Co.*, 195 U. S. 510. The word "liquidated" means made certain as to what and how much is due (Chicago, etc., Ry. Co. v. Clark, 178 U. S. 353), and where there is a bona fide dispute as to the amount due from one party to another the matter is to be considered as an unliquidated demand. *Bingham v. Browning*, 97 Ill. App. 442.

Assuming the dispute or difference of opinion in the present case is bona fide, even though the claim of the debtor may turn out not to be well founded, the acceptance of his check for the less amount "in full payment" would, I think, bar recovery of any further amount.

CERTIFICATE OF DEPOSIT.

WHERE CERTIFICATE ON ITS FACE PROVIDES FOR PAYMENT "ON RETURN PROPERLY INDORSED," BUT HAS PRINTED ON BACK, "THIS CERTIFICATE IS PAYABLE TWELVE MONTHS AFTER DATE" INSTRUMENT CONSTRUED AS A TIME, AND NOT A DEMAND, CERTIFICATE OF DEPOSIT.

From Colorado.—Please state whether or not in your opinion money received for deposit as evidenced by the following certificate of deposit constitutes a time deposit. The certificate referred to reads as follows:

No. 525778, Denver, Col., Sept. 5, 1913.

John Doe has deposited in
THE NATIONAL BANK
Two thousand Dollars, payable in current funds to the order of self on return of this Certificate properly endorsed.
\$2000. Not subject to check.

The certificate bears the following indorsement on the back: "This certificate is payable 12 months after date, with interest at three per cent. per annum. No interest after maturity."

It is the custom of the bank in question to pay these certificates on demand, except that in 1893 and 1907 payment was refused on such as had not been outstanding for one year or more.

I should construe the certificate in question as a time certificate of deposit upon which the bank would not be liable to pay if demanded prior to 12 months from date. The certificate is payable on demand according to its face, but printed on the back is the provision that "this certificate is payable 12 months after date." The only question which suggests itself is whether the words on the back making the certificate payable 12 months after date constitute a part of the contract on the face or whether the contract on the face to pay on demand is independent and complete in itself and not qualified or affected by contrary provisions on the back.

According to the authorities, the words on the back are a part of the terms of the contract, equally as those on the face, so that this certificate, in law, is a contract to pay on return properly indorsed 12 months after date.

The following is the result of an examination into the authorities which establish the proposition that the words printed on the back of the certificate in question are a part of the terms thereof:

As to memoranda upon bills and notes, questions have frequently arisen as to whether or not they were to be regarded as incorporated into the instruments themselves. In an early English case (*Warrington v. Early*, 2 El. & Bl. 763, decided in 1850), where the words "with lawful interest" were written in the corner of a note after its execution, and without the maker's consent, Lord Campbell, C. J., said: "This forms part of the contract. It would clearly have been so if it had been written in the body of the note, and we think a memorandum of this kind written in the corner of the note is equally part of the contract, because the contract must be collected from the four corners of the document, and no part of what appears there is to be excluded."

The above case was cited, with approval, in *Benedict v. Cowden*, 49 N. Y. 396, where the court said, *inter alia*: "In Massachusetts the decisions are uniform, and to the effect that any memorandum underwritten or in the margin or indorsed upon a note constitutes an essential part of the contract, when such is the intent of the parties. *Springfield Bank v. Merrick*, 14 Mass. 322; *Coolidge v. Ingler*, 13 id. 26," and other citations.

In *Heywood v. Perrin*, 10 Pick. (Mass.) 228, at the bottom of a promissory note on demand, was written the memorandum, "one-half payable in 12 months, the balance in 24 months"; and it was held that it was competent for either party to the note to prove by parol evidence the time when, the person by whom, and the circumstances under which the memorandum was affixed to the note.

It was also held that there was not such a repugnance between the memorandum and the words "on demand" as would invalidate the contract, but that the memorandum limited the generality of those words. *Franklin Sav. Inst. v. Reed*, 125 Mass. 365, is to the same effect.

It was held in *Effinger v. Richards*, 35 Miss. 540, that a written agreement between the maker and the payee indorsed on a promissory note to the effect that the note, though payable on its face, on demand, was not payable until the happening of a future event, is to be construed as if incorporated in the note and a part of it; and hence the note will not become due and payable until the event mentioned in the indorsement transpires, and the statute of limitations will commence running only from that time.

Daniel, in his work on *Negotiable Instruments* (6th ed. Vol. 1, p. 203), says: "It seems that the purport of the instrument is not only to be collected from the four corners, but from the eight corners; a memorandum on the back affecting its operation being regarded as the same as if written on its face." This quotation is cited, with approval, in *Farmers Bank v. Ewing*, 78 Ky. 264.

In *Van Zandt v. Hopkins*, 151 Ill. 248, it was held that a memorandum, either after the signatures to a bill

or note, on the back, or written on the margin contemporaneously with the execution of the instrument, and by agreement of the parties, will form a part of their contract and bind them the same as if introduced into the body of the instrument.

CONFESSION OF JUDGMENT IN NOTE.

NEGOTIABILITY DESTROYED IF CLAUSE AUTHORIZES CONFESSION OF JUDGMENT AT ANY TIME—BUT IF PROVISION AUTHORIZES CONFESSION OF JUDGMENT "IF THE INSTRUMENT BE NOT PAID AT MATURITY" THE NEGOTIABLE INSTRUMENTS ACT PROVIDES THAT NEGOTIABILITY IS NOT AFFECTED.

From Pennsylvania.—I am enclosing specimen of note which we have been using and would like your advice whether the clause for confession of judgment on the face of the note would destroy its negotiability under the law of Pennsylvania.

I am of opinion that the provision authorizing confession of judgment contained in the form of note used by your bank would affect its negotiability. The provision is as follows:

"and further do hereby authorize and empower any attorney of any Court of Record in Pennsylvania or elsewhere, to appear for and confess judgment for the above sum, with or without declaration, with costs of suit, release of errors, without stay of execution, and with five per cent. added for collection fees."

Under this provision, judgment could be entered up before maturity for the amount of this note, and the courts of Pennsylvania long ago held that where the note contains an authority to confess judgment at any time, whether it is due or not, negotiability is destroyed. *Overton v. Tyler*, 3 Barr (Pa.) 346.

Since that decision the Negotiable Instruments Act has been passed in Pennsylvania. That Act provides that the negotiable character of an instrument otherwise negotiable is not affected by a provision which "authorizes a confession of judgment if the instrument be not paid at maturity." If the authority to confess judgment in your note was qualified by the words "if the instrument be not paid at maturity," it would come within the provision of the Act and its negotiability would not be affected, but the Act does not apply where the clause authorizing confession of judgment is so worded that judgment may be entered before maturity. It has been directly so held in your State in *Milton National Bank v. Beaver*, 25 Pa. Super. Ct. 404, wherein the court said: "The statute expressly limits the confession of judgment upon its non-payment at maturity. Here the judgment could have been entered the day the note was signed and its commercial properties destroyed at once, although it was not payable until three months after its date."

For cases in other States holding that the clause authorizing confession of judgment at any time destroys its negotiability and is not within the terms of the Negotiable Instruments Act, see *Wisconsin Yearly Meeting of Free-Will Baptists v. Babler*, 115 Wis. 289; *First National Bank v. Russell*, 139 S. W. (Tenn.) 734.

INTEREST CLAUSE IN NOTE.

WHERE DEMAND NOTE IN OHIO PROVIDES FOR INTEREST AT EIGHT PER CENT. "PAYABLE SEMI-ANNUALLY AFTER MATURITY," SUCH INTEREST IS COLLECTIBLE FROM DATE—WHERE TIME NOTE CONTAINS SIMILAR PROVISION FOR INTEREST PAYABLE SEMI-ANNUALLY "AFTER DATE," DOUBTFUL IF MORE THAN LEGAL RATE IS COLLECTIBLE AFTER MATURITY.

From Ohio.—Enclosed find blank note that we use in our bank. You will notice it is printed to draw eight per cent. We sometimes write these notes "on demand" without changing the rate of interest, and sometimes write them for "Three months," changing the word "maturity" to "date," and don't change the rate of interest. Can we, by law, collect eight per cent. on demand notes or past due time notes?

The interest clause in the note in question provides "with interest at the rate of eight (8) per cent. per annum, payable semi-annually, after maturity."

First, taking up the question when the note is filled out payable on demand. The Ohio statute in regard to interest provides: "When the instrument provides for the payment of interest without specifying the date from which interest is to run the interest runs from the date of the instrument, and if the instrument is undated, from its issue." (Page & Adams, Ohio Gen. Code, Sec. 8122.)

The Ohio statute in regard to interest provides: "The parties to a bond, bill, promissory note, or other instrument of writing for the forbearance or payment of money at any future time, may stipulate therein for the payment of interest upon the amount thereof at any rate not exceeding eight per cent. per annum, payable annually." (Ibid. Sec. 8303. [R.S. Sec. 3179].)

In Ohio a promissory note stipulating for the payment of the principal at a future time "with interest thereon at eight per cent. per annum, payable semi-annually until paid," is not usurious. (*Cook v. Court-right*, 40 Ohio St. 248; *Hobbs v. Insurance Co.*, 40 Ohio St. 543; *Taylor v. Hiestand & Co.*, 46 Ohio St. 345; *Hickok v. Rounds*, 51 Ohio St. 564.)

In *Firestone v. Dellenbaugh*, 10 Ohio Cir. Ct. (N.S.) 153, it was held that a promissory note which provides that it shall be payable one year after date with eight per cent. interest to be paid annually, interest and principal after maturity to bear eight per cent. annual interest to be paid semi-annually, is not usurious. See also *Wilson v. Neal*, 23 Fed. 129, to the same effect.

From the above it will be seen that where your note is payable on demand you would have the right to collect eight per cent. semi-annually; that this provision would be enforceable and not usurious.

Your further question relates to the situation where you use the same form of note but draw it for "three months" instead of "demand," and change the word "maturity" in the interest clause to "date," so that the note will be payable "with interest at the rate of eight (8) per cent. per annum, payable semi-annually, after date."

The legal rate of interest in Ohio is six per cent., and it is held in many States that where a note provides for a higher rate of interest than the legal rate and the contract does not fix the rate to be paid after the debt

matures, the law fixes the legal rate, which in Ohio would be six per cent., as the rate payable after maturity. In the form of note submitted the note simply provides for the payment of eight per cent. after date, and contains no provision that that rate shall continue after maturity except that the words, "payable semi-annually" in a three months' note might be held to indicate an agreement that the note was to continue to bear eight per cent. I think, however, it would be advisable, when using this form of note as a time note, to change the interest clause so as to read "with interest at the rate of eight (8) per cent. per annum, payable semi-annually from date until paid," or some similar provision which would clearly indicate an agreement that the note should bear eight per cent. after maturity as well as before; then the eight per cent. would be collectible throughout.

PARTIAL PAYMENT OF CHECK.

WHERE CHECK PRESENTED AND REFUSED FOR INSUFFICIENT FUNDS, BANK NOT OBLIGED TO DISCLOSE DRAWER'S BALANCE TO HOLDER OR TO RECEIVE FROM HOLDER DEPOSIT TO DRAWER'S CREDIT SUFFICIENT TO COVER THE CHECK.

From Louisiana.—"A" draws his check on a bank and gives the same to "B" for value, who, in turn, deposits it with his bank for collection. The drawee refuses payment of this check when presented and returns it to "B's" bank marked "not sufficient funds." The question has arisen whether the drawee has any right to disclose "A's" balance to "B's" bank under these circumstances, or allow any one other than "A" to deposit to his credit an amount sufficient to cover this check.

There is judicial authority to the effect that the bank owes its customer a duty of secrecy and has no right to reveal the state of his account by voluntary disclosure, except, of course, where compelled by law. *Hardy v. Veasey*, 3 L.R. Ex. 107; *Foster v. Bank of London*, 3 F. & F. 214. In this latter case it was held that where a check was presented and the banker had funds of the drawer, but not sufficient to meet the check, the banker has no right to disclose to the holder the amount of the deficiency so as to enable the holder to pay in the balance to the drawer's credit and then procure the check to be paid.

Most authorities are to the effect that the bank is not obliged to make part payment, as it is entitled to the check as a voucher, but in a few cases the courts have held that the bank may, if it wishes, make part payment and take up the check as a voucher. *Dana v. Third Nat. Bank*, 13 Allen (Mass.) 445; *Harrington v. First Nat. Bank*, 85 Ill. 212. In a decision by one of the lower courts in Pennsylvania it was held that if the holder of the check offers to give it up and take whatever funds the drawer has to his credit the bank should pay the check and indorse the amount upon it. *Bromley v. Commercial National Bank*, 9 Phila. 522. But the weight of authority is that the bank is not obliged to make part payment.

The authorities are not all harmonious, for those which indicate that the bank may make part payment, if it chooses, run counter to those which impose a duty of secrecy, for the making of part payment of the balance to the drawer's credit necessarily discloses what the balance

is. But whatever the law may be as to the banker's right to make part payment and disclose the balance for that purpose, it is clear the bank is not obliged so to do, and the better practise, in my opinion, where a check is refused for insufficient funds, is not to disclose the amount to the credit of the customer by making part payment or otherwise, nor receive from the holder or anyone other than the drawer or his authorized agent, a deposit sufficient to make the check good.

MISTAKEN CREDIT OF DEPOSIT TO WRONG ACCOUNT.

BANK WHICH MISTAKENLY CREDIT'S AMOUNT TO CUSTOMER'S ACCOUNT HAS RIGHT TO CHARGE IT BACK, OR RECOVER IT IF PAID TO THE CUSTOMER, UNLESS LATTER HAS BEEN MISLED TO HIS INJURY.

From Arizona.—A. Doe and B. Doe conduct a partnership business under the name of Doe & Doe. A. Doe also conducts an independent business, in charge of an agent, under the name of A. Doe. On January 25th A. Doe presented the passbook of Doe & Doe and deposited checks to the credit of themselves. The Receiving Teller headed the deposit slip "A. Doe," but entered the amount of the deposit in the passbook of Doe & Doe. The deposit went to the credit of A. Doe on the books of the bank. On January 29th the passbook of A. Doe was balanced and the amount of the deposit was entered in accordance with the deposit slip. A. Doe then sold the business to his agent. After the settlement of the A. Doe business the passbook of Doe & Doe was presented for balancing and the error discovered. A. Doe contends that he cannot recover from his successor, that the amount of the deposit is the property of Doe & Doe, that his name was used in the A. Doe business only to secure credit for his agent and that he has never participated in the profits of the A. Doe business. On whom does the liability rest, the bank for error, A. Doe for negligence, or on the agent who received the benefits and profits of the A. Doe business?

In the case you state an amount deposited by A. Doe for the account of Doe & Doe was erroneously credited to the personal account of A. Doe, and before the mistake was discovered A. Doe sold his business out to a successor, including his credit in bank.

Of course the bank is liable to Doe & Doe for the amount which it omitted to credit to their account, and ordinarily it would have a right to recover from A. Doe the money which by mistake it credited to his account and which he withdrew and paid over to a successor. Mistakes because of omission to credit an erroneous credit of deposits to the wrong account are not infrequent, and the courts generally hold that the bank has a right to recover the money thus credited and paid by mistake to the depositor. If, however, the depositor, relying on the truth and accuracy of the statement of account rendered him by the bank, is led to act to his detriment in a manner he would not have done but for his faith in the correctness of such statement, then the bank is bound. See *Skyring v. Greenwood*, 4 Barn. & Cress. 281, where the court said: "Every prudent man accommodates his mode of living to what he supposes to be his income; it therefore works a great prejudice to any man if, after having had credit given him in account for certain sums, and having been allowed to draw on his agent on the faith that those sums belonged to him,

he may be called upon to pay them back;" *Heane v. Rogers*, 9 Barn. & Cress. 577; *Hume v. Bolland*, 1 C. & M. 130.

I think the right of your bank to hold A. Doe liable would depend on whether he would be prejudiced by your mistake if compelled to pay the money back. I do not know the precise facts, but it seems to me, offhand, that he would not be prejudiced.

Suppose A owns a business consisting of \$500 stock and good will and has \$300 credit in bank. He proposes to sell such business to B, and, figuring his stock and good will at \$500, he adds his bank balance of \$300 and sells the business to B for \$800. Now suppose the bank by mistake has credited A with \$50 to which he is not entitled, and A, in ignorance of this, upon sale of his business, figures in his stock at \$500 and his bank balance at \$350, receiving a total of \$850 from B. This is really \$50 more than he would be entitled to if the truth were known, and therefore it would seem to me in such a case that he would not be prejudiced if compelled to return the \$50 to the bank when the mistake was discovered.

Whatever the precise facts in your particular case may be, the rule of law is as above stated, namely, that a bank which mistakenly credits an amount to a customer's account has a right to charge it back or recover it if paid to the customer, unless because of such erroneous credit the customer has been misled to his injury. Of course, if the customer is aware of the erroneous credit there is no question of his liability to refund.

NECESSITY OF PAYEE'S INDORSEMENT.

WHERE PAYEE PRESENTS CHECK IN PERSON IT IS CUSTOMARY TO REQUIRE HIS INDORSEMENT AS EVIDENCE THAT HE HAS RECEIVED PAYMENT, AND THIS REQUIREMENT IS NONE THE LESS NECESSARY BECAUSE THE DRAWER HAS INDORSED THE CHECK IN BLANK.

From Oregon.—A gives B his check for \$50 and A indorses it in blank. B offers it for payment to the teller of the drawee bank without indorsing it. Does the act of A in indorsing the check in blank render it payable to bearer or is it incumbent upon the paying bank to require the indorsement of the payee?

Some courts hold that the payee need not indorse the check when he presents it in person. *Osborn v. Gheen*, 5 Mackey (D. C.) 189. But in a case in Tennessee, *Pickle v. Muse*, 88 Tenn. 380, where the bank did not require such indorsement and the payee brought suit and testified that he had never received payment, the court held that the presumption of payment arising from the bank's possession of the check was rebutted by the positive and uncontradicted testimony of the payee, and decided in his favor. The court said it was the custom for banks to require the payee's indorsement so as to constitute evidence as between the drawer and payee of such payment, and that the failure of the bank to require the indorsement was the occasion of the litigation. See these decisions and others cited and more fully set forth in the JOURNAL for February, 1913.

While there is a conflict in the few decided cases on the subject, I think where the payee presents a check in

person that the banks should take the position that they are justified by custom in requiring his indorsement and may rightfully refuse payment without such indorsement; for otherwise there is danger, as was demonstrated in the Tennessee case, that the payee may claim he never received the money, and there is no evidence except possession of the undorsed check that he has received it.

The present inquiry relates to the necessity of requiring the payee who presents the check to indorse it where the check has been already indorsed in blank by the drawer. It has been held that the bank cannot require the holder of a check payable to the order of the drawer and indorsed by him in blank to indorse it on presentment for payment, and that the bank's refusal to pay such a check is a dishonor thereof. *McCurdy v. Society of Savings*, 6 Ohio Dec. 1169. But in the present case the check is not payable to the order of the drawer, but to a third person. In such case I do not think the drawer's indorsement would make the check payable to bearer and, notwithstanding such indorsement, I think the bank should require the payee's indorsement. Suppose it did not do so, but paid the check, and afterward the payee should sue the drawer, denying he ever received payment. Here, equally as in the Tennessee case, where the bank teller could not testify to the payment from memory and the only evidence to prove such payment would be the presumption arising from possession of the check, this would doubtless be held to be rebutted and outweighed by the positive testimony of the payee that he had never received payment, and the fact that the drawer's name was indorsed on the check would afford no additional evidence that it was paid to the payee. I think the conclusion must reasonably follow that there is necessity for requiring the indorsement of the payee who presents the check in person, although the drawer has indorsed the check in blank.

STOP PAYMENT OF CHECK.

WHERE CUSTOMER ISSUES HIS CHECK AND THEN STOPS PAYMENT THE BANK IS IN DUTY BOUND TO OBEY INSTRUCTION AND REFUSE PAYMENT, AND IT INCURS NO LIABILITY TO HOLDER BY SUCH REFUSAL.

From Minnesota.—A person issued a check on a bank in Minnesota in payment of goods, receiving the same. He thereafter discovers some error in transaction and notifies the bank on which the check was issued to stop payment of same. The holder of the check presents it to the bank and demands payment. Has the bank the right to refuse to pay the check if the funds are sufficient to meet the check?

The duty of the bank is to obey the stop order of the drawer and refuse payment of the check. It is not liable to the holder for so doing. The Negotiable Instruments Act expressly provides that "a check of itself does not operate as an assignment of any part of the funds to the credit of the drawer with the bank, and the bank is not liable to the holder unless and until it accepts or certifies the check."

Prior to the enactment of the Negotiable Instruments Act in Minnesota the rule was different. The Supreme Court of your State had held in *Wagstaff v. First National Bank of Blue Earth*, 134 N.W. 224, "that a check on a bank in which the drawer has funds on deposit subject to check is an assignment of such funds

of the drawer to the amount of the check, which assignment is valid as between the drawer and the payee when the check is given, and complete as between payee and holder and the bank when the check is presented for payment. Upon presentation the bank, unless its right to pay has been taken away by some occurrence before presentation, is legally bound to pay the check."

Under the doctrine that a check is an assignment the courts have held that after a check has passed into the hands of a bona fide holder or has been issued to a payee for value, it is not in the power of the drawer to stop its payment. But this doctrine has been overturned by the Negotiable Instruments Act; so that in Minnesota, as well as in all the States having the Negotiable Instruments Act, where a customer issues his check and then stops its payment before it has been certified by the bank, the bank is in duty bound to obey the customer's instruction and refuse to pay. Such refusal creates no liability on the part of the bank to the holder even though there are funds to the credit of the customer sufficient to meet the check; while, on the other hand, if the bank should pay a stopped check it would do so at its peril and could not charge the amount to the customer in the event he had a good defense against the payee.

RIGHT OF PURCHASER OF STOPPED CHECK.

WHERE BANK IN GOOD FAITH PURCHASES CHECK, PAYMENT OF WHICH HAS BEEN STOPPED, IT HAS RECOURSE UPON THE DRAWER AS WELL AS UPON THE INDORSERS, ASSUMING LATTER HAVE BEEN DULY CHARGED.

From Montana.—Some time ago a stranger presented to this bank a cashier's check, for payment, drawn by a neighboring bank. The cashier's check was regular on its face, indorsed in blank by payee and indorsed and presented by above stranger. After he was properly identified and the check indorsed by a local man we paid it. We sent the check through the regular course to the drawee bank for payment and they protested it and returned it with a statement written on the face, "fraudulently obtained, notice of payment stopped given." We had never received any notice of payment stopped. Soon afterwards we received a letter from said drawer bank (the maker of said check) that "this party obtained this check on a telegram which afterwards proved to be wrong." The check shows three indorsements, the payee's, the stranger's and the local man's who identified the stranger. Cannot we look to the bank (the maker of the check) for payment or will we be compelled to look solely to the indorsers of the check?

Your bank, being a purchaser of the cashier's check in good faith for value, has recourse upon the drawer as well as upon the indorsers, assuming the latter have been duly charged with liability. The Negotiable Instruments Act (Sec. 5905 Mont. Stat.) expressly provides:

"A holder in due course holds the instrument free from any defect of title of prior parties, and free from defenses available to prior parties among themselves, and may enforce payment of the instrument for the full amount thereof against all parties liable thereon."

Under the above statute you have recourse upon the bank which drew the check, and are not compelled to look solely to the indorsers.

OPENING AN ACCOUNT IN AN ASSUMED NAME.

DEPOSITOR MAY CARRY ACCOUNT IN ASSUMED NAME, PROVIDED THE PURPOSE IS HONEST AND NOT FRAUDULENT.

From California.—A widow lady, not engaged in business, married again and wishes to open a checking account with us in her former name. Are we at liberty to do so? We are not aware of her reasons, and have not asked her. What is the law governing the question?

I see no reason why, in the case stated, it is not lawful and proper to open and carry the account for the married woman in her former name; provided, of course, it is not done for a fraudulent purpose.

It has been held that as between bank and depositor the bank is protected in paying out money in such way and on such terms as the depositor has authorized. The depositor can lawfully control his own funds until he has disposed of them, and it can make no difference in what name the account is kept, if it is understood to be his account and has not been put beyond his control by some act which he cannot revoke. *Davis v. Lenawee County Sav. Bank*, 53 Mich. 163.

There can be no objection to carrying the account in such name because of the fact that the depositor is a married woman. The California statute in regard to the deposits in bank of married women provides: "When any deposit with a bank shall be made by or in the name of any married woman or minor, the same shall be held for the exclusive right and benefit of such depositor, and free from the control or lien of all other persons, except creditors, and shall be paid, together with the dividends, if any, and interest, if any, thereon to the person in whose name deposits shall have been made * * *." Cal. Laws 1909, Chap. 76, Sec. 16.

However, a bank cannot properly collude with a depositor for the purpose of misleading creditors and covering up his or her funds under a fictitious name so as to prevent their being subjected to legal process, such as attachment, garnishment, etc. See *Bank v. Rockmore & Co.*, 129 Ga. 582. But, presumably, there is no such intent in the present case.

I think, therefore, it would be lawful and proper to receive this married woman's account under her former name, whether it be that derived from her first husband or her original maiden name; and that, having accepted deposits from her in any name she may see fit to designate, the bank will be protected in honoring checks signed with such fictitious designation or pseudonym.

STATE TAXATION OF TREASURY NOTES.

U. S. TREASURY NOTES SUBJECT TO STATE TAXATION AS MONEY ON HAND OR ON DEPOSIT.

From North Carolina.—We have known for the past several years customers to procure from their banker U. S. Treasury notes just before tax-listing time and put them in their strong box, thereby reducing, as they claim, their taxable property to that extent. Is there any authority in law for the assumption that such cash is not taxable by State, county or city?

I do not understand the point of inquiry here to be whether money lodged in a safe of the owner is fur-

ther away from the eye of the tax gatherer than when in form of a credit in bank, but whether that kind of money which consists of United States Treasury notes is exempt from State or local taxation as the personal property of the owner. The answer is that it is not.

True, Section 3701 U. S. Rev. Stat. provides that "all stocks, bonds, Treasury notes, and other obligations of the United States shall be exempt from taxation by or under State or municipal or local authority." But so far as this section prohibits State taxation of legal tender notes it was repealed by Act of August 13, 1894, which provides:

"That circulating notes of National banking associations and United States legal-tender notes and other notes and certificates of the United States, payable on demand and circulating or intended to circulate as currency, and gold, silver, or other coin shall be subject to taxation as money on hand or on deposit under the laws of any State or Territory: *Provided*, That any such taxation shall be exercised in the same manner and at the same rate that any such State or Territory shall tax money or currency circulating as money within its jurisdiction. That the provisions of this Act shall not be deemed or held to change existing laws in respect of the taxation of National banking associations."

CHECK UPON INSOLVENT BANK.

WHERE CHECK UPON A. BANK IS CASHED BY B. BANK AND IMMEDIATELY CHARGED TO A'S ACCOUNT PRIOR TO FORWARDING TO A. BANK, PURSUANT TO AGREEMENT BETWEEN A. AND B. OPINION THAT UPON FAILURE OF A BANK SUBSEQUENT TO SUCH CHARGE, BUT PRIOR TO RECEIVING CHECK, THE CHARGE TO ACCOUNT CANNOT BE MAINTAINED.

From Kansas.—Please favor us with your opinion on the following proposition: Bank A carried a deposit account with Bank B and in consideration of par facilities extended and other accommodations rendered A accorded B the privilege of charging direct to the account of A any cash items received by B drawn on A. On a certain date while A was still open doing business, B charged certain items to A account, but during the time the items were in transit A passed into the hands of a receiver. Will B be able to maintain the charge against A account?

I think, in the case stated, bank B would not be able to maintain the charge against A's account.

The point was directly passed upon in *Armstrong v. Second National Bank*, 38 Fed. 883. In that case the Fidelity National Bank of Cincinnati had an arrangement with the Second National Bank of Springfield under which the Springfield bank cashed checks drawn on the Fidelity presented by residents at Springfield, the Springfield bank having the right to charge and have credit for such checks in its account with the Fidelity. The case arose out of the fact that the Springfield bank cashed two checks drawn upon the Fidelity which it forwarded to the latter in the mail, but before the checks were received the Fidelity, being insolvent, had closed its doors. The Springfield bank, having had no knowledge or notice of the impending insolvency of the Fidelity bank and being indebted to that bank on a collection account in a sum several thousand dollars in excess of the two checks above

referred to, paid over the amount of its indebtedness less the amount of the two checks, which, when cashed, had been charged against the Fidelity bank. In a suit by the receiver of the Fidelity for the amount of such checks, judgment was rendered in his favor. The court held that if the Springfield bank had cashed a check for which there was not sufficient funds in the Fidelity, the charge against the Fidelity and credit to itself of the amount of the check cashed would have been provisional merely and subject to be corrected if the check was dishonored. This consideration, therefore, pointed to the conclusion that there could be no absolute and irrevocable charge of the amount of checks so cashed, prior to their payment by the bank on which drawn. A further ground upon which the Springfield bank was denied the right to charge the amount of the checks drawn on the Fidelity and cashed by it is indicated in the following language of the court:

"If, now, we turn to Section 5190, of the United States Revised Statutes, we find it enacted that 'the usual business of each National banking association shall be transacted at an office or banking house located in the place specified in its organization certificate.' Under this section it certainly would not be competent for a National bank to provide for the cashing of checks upon it at any other place than at its office or banking house. Whatever risk there was in the defendant's business of cashing of checks upon the Fidelity devolved, therefore, necessarily upon the defendant, and not upon the Fidelity. So far as the Fidelity was concerned, the checks were not cashed until they were presented and accepted at its banking house. They were not presented until the morning of the 21st of June, after the bank had passed into the control of a Government officer, and after insolvency of the bank had made it unlawful under Section 5242, Rev. St., to either cash the checks on account of the defendant or to give the defendant credit for them."

In the light of the foregoing, I think that B bank would not be permitted to charge against the account of bank A items received by B drawn on A, but which did not reach bank A until it had passed into the hands of a receiver. Assuming bank A is a National bank, the decision in *Armstrong v. Second National Bank of Springfield* is controlling, and even if bank A is a State institution one, and probably both, of the grounds of decision in the *Armstrong* case would apply in any event.

COMPETENCY OF NOTARY.

IN NORTH CAROLINA, NOTARY WHO IS OFFICER OF BANK, BUT NOT A STOCKHOLDER, IS COMPETENT TO TAKE ACKNOWLEDGMENTS OF INSTRUMENTS RUNNING TO THE BANK—IF OFFICER IS A STOCKHOLDER HE IS DISQUALIFIED.

From North Carolina.—Please advise me if an officer of a bank in this State, who is not a stockholder, may take acknowledgments on instruments running to the bank?

Under the decisions in North Carolina an officer of a bank who is not a stockholder is qualified to take acknowledgments of instruments running to the bank. If the officer is a stockholder, this will disqualify him. Following is a reference to the decisions:

In *Smith v. Ayden Lumber Co.*, 144 N.C. 47, it was held that a proper officer to take acknowledgments

of grantors and privy examination of married women to conveyances of land is not disqualified to act therein when he is an employee of the grantee, without any interest in the land conveyed.

In discussing this question the court, by Clark C.J. (the present Chief Justice of that court), said: "It is true that a deed cannot be acknowledged before nor the privy examination of a feme covert be taken by an officer who has any interest in such conveyance either as a party, trustee or cestui que trust, and the registration upon such certificate would be invalid and not even notice to creditors and subsequent purchasers. *Long v. Crews*, 113 N.C. 256; *Lance v. Tainter*, 137 N.C. 249. But there is no evidence that the notary public who took the acknowledgment of grantors and privy examination of the feme covert had any interest whatever in the property or the conveyance. There is no complaint from the grantors nor any allegation or proof of wrongdoing. The notary public happened to be an employee of the grantee. It is often the case that a notary public is clerk in a bank; but this does not disqualify him from making acknowledgments of papers executed by or to the bank. That the officer, here a notary public, is not disqualified by reason of being an employee of the grantee, without any interest in the property, is held in *Bank v. Ireland*, 122 N.C. 576.

In *Bank v. Ireland*, 122 N.C. 571, 29 S.E. 835, it was held that the privy examination of a married woman as to her execution of a deed is not invalid because taken by a notary public who was a clerk in the banking house of the grantee, but had no interest in the transaction.

COMPETENCY OF NOTARY.

CASHIER OF WISCONSIN BANK WHO IS NOTARY, BUT NOT A STOCKHOLDER, COMPETENT TO TAKE ACKNOWLEDGMENTS OF INSTRUMENTS RUNNING TO THE BANK—IF CASHIER ALSO A STOCKHOLDER, THIS FACT WOULD PROBABLY DISQUALIFY HIM.

From Wisconsin.—Will you kindly advise me whether or not an acknowledgment is valid on mortgages in favor of a State bank in Wisconsin if taken by the Cashier, who is not a stockholder of that bank?

If the Cashier taking the acknowledgment be also a stockholder would it make any difference as to the validity of the acknowledgment?

I think the cashier of a bank in Wisconsin who is not a stockholder is qualified, as notary, to take an acknowledgment of mortgages running to the bank. Where, however, the notary is a stockholder, this would probably disqualify him.

I have been unable to find decisions upon these questions by the courts of Wisconsin, and the above propositions are based upon what has been held elsewhere.

According to the great weight of authority, the fact that the person taking the acknowledgment was an officer of the grantee corporation will not disqualify him and render the acknowledgment void if he is not also a stockholder therein. See, for example, *Bank v. Oberhaus*, 125 Cal. 320 [case of a cashier]; *Florida Sav. Bank v. Rivers*, 36 Fla. 577 [vice-president]; *Bardsley v. Ger-*

man-American Bank, 113 Iowa 216 [cashier]; *Banking House v. Stewart*, 70 Neb. 815 [cashier]; *Horbach v. Tyrrell*, 48 Neb. 514 [secretary and treasurer]; *Sawyer v. Cox*, 63 Ill. 130.

But in a large majority of jurisdictions, in the absence of express statutory provisions, it has been held that an acknowledgment taken by an officer who has a direct beneficial interest in the instrument is void, and the pecuniary interest of a stockholder of a corporation is held to disqualify him to take the acknowledgment of an instrument running to the corporation. The courts in a large number of States have so held, while in a few States the notary has been held competent, though a stockholder. I will not take time to cite the decisions pro and con. In a number of States the Legislature has passed a statute drafted by me and urged in behalf of the Association, designed to qualify a notary who is a stockholder.

In Wisconsin, as said, no adjudicated cases can be found in which the question has been decided. But in 1911 the Wisconsin Legislature passed an Act validating acknowledgments of instruments theretofore executed to or by a bank or other corporation which had been acknowledged before a notary who was a stockholder, director, officer or employee of the bank. Chapter 579, Laws 1911, Sec. 1. Such legislation indicates a legislative disbelief in the validity of acknowledgments of instruments running to a bank taken before a notary, whether stockholder or mere officer, and the necessity for legislation validating past acts of this character. Of course, the law has no application to subsequent acknowledgments, and the question of validity or invalidity still remains to be decided by the courts of Wisconsin or expressly regulated by statutory enactment. But taking the weight of authority in other States as a guide, I think, as first stated, that an officer, where not a stockholder, is competent as notary to take acknowledgments of instruments running to his bank, but that, if a stockholder, such fact would be held to disqualify him.

FINANCIAL SITUATION IN PARAGUAY.

The finances of the Republic of Paraguay are at this time in a very complicated condition, says American Minister Daniel F. Mooney, Asuncion. The circulating medium is depreciated paper, the value of which has been recently tending downward to such an extent that but little optimism for its future can be indulged in. Statistical information with regard to Paraguayan finance is difficult to obtain. The unit of accounts in Paraguayan money is the gold peso, its value being identical with the Argentine gold peso, which is worth \$0.965 in United States currency. The amount of gold or any other metal ever coined in Paraguay is so small that it can with safety be entirely excluded from consideration. None whatever is in circulation at this time and the very few coins of Paraguayan origin outstanding are held as curiosities. The gold coin in this realm is very largely of Argentine origin, with a small quantity of English and American coin, and accordingly when gold is mentioned in this report it should be regarded as Argentine pesos, referred to by courtesy as Paraguayan gold pesos.

BULLETIN OF THE AMERICAN INSTITUTE OF BANKING

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FORUM OF THE INSTITUTE

STATE BANKS AND THE FEDERAL RESERVE SYSTEM.

So much discussion has arisen and so many questions are asked as to the reasons why State banks should join the Federal Reserve System that we publish herewith a paper on the broad aspects of the question, which was read recently before the Forum of New York City Chapter.

There appears to be a tendency to magnify the difficulties of the State Institution entering the Federal Reserve System, instead of concentrating our attention on the fine financial structure which has been created and finding the easiest way of entrance.

From the time of the establishment of the Bank of Venice in 1171, to the present time, the nations in Europe have tried every sort and kind of a scheme regarding financial matters, and the experience of all these years has resulted in the establishing for each nation of a great central bank with many branches, which is unquestionably the best possible system yet devised. For our own country, since the time of the settlement of Jamestown in 1607 and of Plymouth in 1620, the people of this country, instead of taking advantage of the experience of the European nations, have used little of the wisdom and all of the folly in creating financial measures. Every scheme of inflation has been tried from the time of using storage tobacco receipts in Virginia and swapping merchandise for wampum in Massachusetts, down through the greenback fallacies and the silver heresies at the cost to the people of an enormous amount of money and financial disaster. The first and second United States banks, while having much that commended them to sound and financial reason, were both wrecked through politics, and the prejudice of having a great central bank in this country was so great that even the thought of it seemed to terrify a large portion of our people.

After all this trial and tribulation the Federal Reserve Act was passed, and it is unquestionably, whatever criticism may be made of it in detail, the best piece of financial legislation in fifty years, and its beneficence has already been clearly apparent. Every student of finance in this country knows full well that there has been altogether too much of politics in connection with the establishment of the Federal Reserve Districts, but we can feel fairly safe in the Federal Reserve Board management when five of the seven members of the Federal Reserve Board are strong and conservative men. While the act provided for not less than eight nor more than twelve Federal Reserve Banks, it was undoubtedly the intention of the framers that not more than eight should be designated at the outset, and then add to that number afterwards as circumstances should demand. However, even with the establishment of twelve Federal Reserve Banks, it is a long step in the right direction, and we trust that the future will reduce the number.

What this country needs more than anything else, and what they have largely secured in the Federal Reserve Act, is one great central banking institution, and we feel that every possible assistance should be given to the enlargement and strengthening of the Federal Reserve Bank. We must remember that the Federal Reserve Banks have been in operation only since November 16th, and that the Federal Reserve Board are pretty nearly swamped with the problems and conditions relating to the Federal Reserve Banks, as they now stand, and we must give them reasonable time to arrange for the entrance of the State institutions.

With the laws of forty-eight States to consider, good, bad and indifferent, it is readily seen that a Herculean task lies before the Reserve Board. Therefore, as representing State institutions, we believe that we should use every possible endeavor to co-operate with the National authorities in making it possible for every State institution to become a member of the Federal

Reserve Bank. It is right, proper and helpful that every possible phase of the relation of the State institutions to the Federal Reserve Act should be carefully considered and weighed, but our mission, as some of us see it, is to assist and not to hinder.

We are utterly opposed to, and emphatically protest against, every attempt made to establish a system of banks in New York State designed to operate independently of the Federal Reserve Bank. We believe that we would all be vastly better off in becoming members of the Federal Reserve Bank, and any obstacles which seem now to be in the way can, in co-operation with the National authorities, be swept away, so that at least the State banks may be enabled to become regular member banks in the Federal Reserve Bank in the national system without material delay. We are of those who trust that the Federal Reserve Bank may be so developed as to become a clearing house for banks in New York City, and also to develop a system for the collection of out-of-town checks with the greatest speed and economy.

Of course it will be said that this cannot be done, but in the collection of checks Boston and New England have already set us an example for more than a dozen years. The collection of checks in the six New England States has been accomplished by the Boston Clearing House so that the cost of collecting checks has been reduced from one dollar to seven cents a thousand. When the proposal was made by Mr. Ruggles, Manager of the Boston Clearing House, of this method of collection, it was considered absolutely impossible, and yet, as you doubtless know, the banks in Boston receive the money for all their checks deposited in the Boston Clearing House by charging the amount into the Clearing House on the second day following the deposit.

This and many other things I believe could be done by the Federal Reserve Bank. Owing to the attitude of several large institutions in New York, thinking only of themselves and not of the general public, have, up to this time, prevented anything like a reasonable method of collecting out-of-town checks at the lowest possible cost, and the last arrangement made for the collection of checks is (not to use a stronger term) about as silly as one could imagine, and was not proposed for the purpose of facilitating business, but for the purpose of keeping the control of the banking facilities in their own hands.

Therefore, we trust that every effort will be made to prevent having an independent banking system in New York State, but that every State institution will finally come into membership in the Federal Reserve Bank, where gradually every service that we have previously enjoyed by the Clearing House, and many more, can be adopted for the use of member banks, not only for the banks of New York City, but for every institution in the Federal Reserve District.

Not the least important feature of the system to every free born citizen in the banking business is the fact that every bank, large and small, will be entirely free and independent, asking no favor of any other bank or institution.

Finally, there are always men in the banking business, from the time of Robert Morris, of Revolutionary fame, to the present day, who have the credit and welfare of these United States as their first consideration.

and who are patriots first and bankers second, who will see to it that ways and means are provided to make our Federal Reserve System the best and strongest financial system in the world.

BANK NOTE PRINCIPLES.

The Institute pamphlet on "Wealth and Banking" states that under the Federal Reserve Act bank notes are issued under both the banking and currency principles. Please explain.

The reference mentioned does not apply to the same notes. The Federal reserve notes now in general circulation are "asset currency," as bank notes on the banking principle are commonly called in this country. In accordance with the Act which provides that they shall be obligations of the United States, the notes read "The United States of America will pay to the bearer on demand," instead of reading "The Federal Reserve Bank of Chicago will pay to bearer, etc." The notes, therefore, look like greenbacks, although they are true bank notes and not fiat money. After the Reserve Banks begin to purchase United States bonds from National banks they will issue notes secured by these bonds which notes will thus be on the currency principle and which will probably be similar in form to the present National bank notes which they will ultimately supplant. After December 23, 1915, therefore, there will be two kinds of Federal Reserve bank notes, one on the banking principle secured by commercial paper and the other on the currency principle secured by United States bonds.

ACCEPTANCES AS ASSETS.

How is it that banks show "Acceptances" and "Letters of Credit" both as liabilities and resources on their statements of condition? How can the same transaction become both an asset and a liability?

This question, which is one of accounting, may be answered by asking another. How does a loan (asset) become a deposit (liability)? When a bank assumes a liability in the shape of an acceptance or letter of credit, it must have an asset with which to meet the liability. This asset consists of the customer's liability to the bank which may be unsecured or secured by documents covering the commodities which the transaction represents. Even if unsecured, the customer's liability is represented in tangible form by his contract with the bank which has loaned him its credit and which contract is held as an asset of the bank. Not all banks use the "per contra" method of showing acceptances on both sides of the statement. In a recent statement of condition one of the largest New York City banks does not show this business in a separate item on the resource side, but includes it among the loans and discounts.

THE BANKERS CLUB OF AMERICA

Announcements of the recently organized Bankers Club of America are being sent out and elaborate club accommodations are being prepared in the Equitable building, New York City. This club, in common with the downtown clubs of the city, will be largely a noon-day lunch club.

A. Barton Hepburn is President, Franklin A. Plummer Secretary, and the Directors comprise 32 of New York's prominent bankers and professional men.

Report of the Institute to the American Bankers Association

President William S. Evans Submits Details of Institute Conditions to the Executive Council of the Association at Old Point Comfort—Necessary Revision of Text-Books Under the Supervision of the Board of Regents—Analysis of Institute Finances.

During the past year the work of the Institute Section has been conducted along established lines for the work of education among bank men. Evidence of the growing interest and active participation in this work may be found in the fact that since the Institute convention in September, 1914, membership in the various City Chapters has increased nearly 1,000. Moreover, the number of Correspondence Chapter students has increased 235, and the frequent enrollment of new students in this correspondence work indicates an increasing interest on the part of bank men in the country sections.

The duty of revising and enlarging the Institute courses of instruction now rests with the Board of Regents, as authorized by the Institute Executive Council, constituted as follows:

O. M. W. Sprague, Professor of Banking and Finance in Harvard University.

E. W. Kemmerer, Professor of Economics and Finance in Princeton University.

H. J. Dreher, Assistant Cashier of the Marshall & Ilsley Bank, Milwaukee, Wis.

C. W. Allendoerfer, Assistant Cashier of the First National Bank, Kansas City, Mo.

George E. Allen, Educational Director, American Institute of Banking, 5 Nassau Street, New York City.

Such changes as have been made necessary by recent financial legislation and those which experience has demonstrated should be introduced to improve the work are now being made under their supervision.

The Institute consists of sixty-one City Chapters comprising a membership of 14,137 and 1,243 correspondence students associated in the Correspondence Chapter. The number of Institute graduates is now 1,185. Following is a statement of Institute receipts and expenditures from September 1, 1914, to March 31, 1915, inclusive, classified in accordance with the directions of the Institute Executive Council:

RECEIPTS.	
Balance on hand September 1, 1914.....	\$7,211.36
Journal-Bulletin subscriptions	7,155.48
This item represents subscriptions received from Chapters at 75 cents a year from which payment for such subscriptions is made to the American Bankers Association at the rate of 50 cents a year.	
Institute Study Course.....	3,148.21
This item represents revenue from Chapters for lesson pamphlets and final examinations when conducted by the Institute.	
Associate Membership Dues (A. B. A.).....	5,969.50
This item represents payments from the American Bankers Association to the Institute upon the basis of 75 cents a year for each association member.	

Miscellaneous	1,306.00
This item includes per capita tax on Chapters for convention purposes, and minor receipts not otherwise classified.	
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\$24,790.55

EXPENDITURES.

Convention and Administration.....	\$3,305.79
This item covers (1) convention expenses paid by the Institute; (2) expenses of the Institute Executive Council in attendance at the annual meeting; (3) expenses incurred by the Institute officers during the fiscal year as distinguished from expenses connected with the office of the Educational Director.	
Salaries	5,308.56
This item includes (1) fixed salaries of the general office of the Institute; (2) authorship work on lesson pamphlets.	
Journal-Bulletin and other printing.....	6,034.65
This item includes the printing of lesson pamphlets, stationery and various circulars.	
Traveling Expenses of Educational Director.	1,083.70
This item includes the traveling expenses of Educational Director and assistant and is segregated from expenses incurred by Institute officers.	
Miscellaneous	1,491.53
This item includes postage, expressage, telegrams and minor expenses not otherwise classified.	
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\$17,224.23

SUMMARY.

Total Receipts	\$24,790.55
Total Expenditures	17,224.23

Balance on hand March 31, 1915 \$7,566.32

While receipts diminish during the Summer months and expenditures remain practically stationary, there promises to be sufficient revenue to meet expenses in connection with the annual convention of the Institute and the annual meeting of the Institute Executive Council. Necessary revision of the Institute study course, referred to above, however, necessitates an extraordinary expenditure of about \$3,000, which will require rigid economy in other directions, and arrangements for a few months' credit in the payment of some of the bills for authorship and printing.

SPEED.

In the race for wealth, those who try to go fastest are most likely to be distanced.—Albany "Journal."

STUDIES IN ENGLISH.

"English Grammar" is a 32-page text-book in which correct expression is taught without dry rules or barren definitions.

"English Rhetoric" is a 32-page text-book—clear, forceful and magnetic—on correspondence, speech-making and writing for publication.

The cost of each of the books thus described is 50 cents, payable in silver or postage stamps. Correspondence Chapter, A. I. B., 5 Nassau Street, New York City.

INSTITUTE CHAPTERGRAMS

ALBANY.

BY ALFRED L. TAYLOR.

The regular monthly meeting for April was held on the 15th, with a goodly number of the members present.

Reports of the different committees were read and accepted without any dissenting opinions.

A large number of communications from the different Chapters and Institutions were read. As the annual banquet took place on the evening when the regular meeting for March should have taken place there was quite an accumulation of correspondence which had to be carried over.

As the weather has been exceedingly good, a number of the members have been anxious to get together as a baseball team or in some other of the various kinds of sport, so that the members as a Chapter would be able to keep to a certain degree in touch with one another during the Summer.

The study class is on the homestretch of its study course and the members are preparing for the final examination, which is to be held some time in May.

George E. Allen, the Institute Educational Director, was present at the April regular meeting, and as this is the first time the majority of the boys have come in touch with the educational representative of the Institute, they were much interested in what he had to say and to take in all the good advice he had to offer. The talk of Mr. Allen was heart to heart, and all appreciated the kindness and earnestness with which he delivered it. At the end the members asked various questions regarding the good of the Chapter, which were frankly and carefully answered by Mr. Allen.

At the adjournment everyone declared a very interesting evening had just passed.

ASBURY PARK.

BY L. R. HETRICK.

The Asbury Park Chapter held its monthly smoker in the spacious dining room of the Metropolitan Hotel on March 27th. O. Howard Wolfe addressed the members and chose as his subject "Some Changes Under the Federal Reserve Act."

Asbury Park is after the 1916 convention of the American Institute of Banking. In a letter being sent out by the Asbury Park Chapter inviting the Institute to meet in Asbury Park, the city officials and the county bankers offer their united support to the movement. No city in the country is better able to take care of this convention than Asbury Park, with its famous boardwalk, second to none; its broad avenues and roads, its golf links and tennis courts, its boating and fishing. A convention hall directly on the beach. In fact, there is every attraction to make this city the ideal convention place of the East.

A special train is being arranged to carry the Asbury Park boosters to San Francisco next August, when a formal invitation will be extended to meet in Asbury Park.

ATLANTA.

BY JULIAN CLAYTON.

On February 23d our annual banquet at Hotel Ansley gave the members of Atlanta Chapter much to be thankful for, not only on account of the plentiful and most excellent "eats," but also for the reason of an interchange of excellent ideas through the various speeches.

Piloted by our educational instructor, Robt. S. Parker, as toastmaster, the speakers waxed eloquent and the audience enthusiastic.

The feature talk of the evening was given by A. P. Coles, Vice-President Central Bank & Trust Corporation.

Everyone present enjoyed the evening from both gustatory and mental standpoint.

On March 3d we had O. Howard Wolfe with us, who spoke on "Some Changes in the Federal Reserve Act." He said the three fundamental principles were Concentration of Bank Reserves, the Establishment of Banks of Re-discount, and a Scientific System of Bank Note Issue. Mr. Wolfe said a better system of bank examinations was needed, a wider latitude for the making of investments, and a more scientific system of check collections.

His talk was thoroughly interesting and well received. After the address he gave opportunity for questions. We were fortunate in having with us Governor Joseph A. McCord, of the Federal Reserve Bank of Atlanta, also Cashier J. B. Pike, of the same institution. Through courtesy these gentlemen asked many questions, which brought out many points instructive to those present, points with which the average student was unfamiliar. We thank all of these gentlemen for a most enjoyable and instructive evening.

Mr. Wolfe is an old friend of ours, he having given us two addresses previous to this. He will always find a welcome at the hands of Atlanta Chapter.

A. P. Coles, Vice-President of the Central Bank & Trust Corporation, gave us on March 9th his talk on Loans and Discounts, which has been given before to Atlanta Chapter, but which never fails in interest and instructive quality. This subject is one with which Mr. Coles is thoroughly familiar, and he has a knack of imparting his knowledge to others in a way in which it is easy for the listener to grasp the ideas advanced. Mr. Coles' talk was one based on sound reasoning and was most interestingly delivered. We thoroughly appreciated the talk and hope to have Mr. Coles again with us in the future.

One of the best friends of Atlanta Chapter and of the Institute in general is he who gave us an interesting evening on April 16th, John K. Ottley, Vice-President of the Fourth National Bank. Mr. Ottley talked on the subject of "Clearing Houses." There is perhaps no one in the country who has a wider knowledge, or who is more familiar with this subject than Mr. Ottley, who has held successively the position of Vice-President and President of the Clearing House section of the American Bankers Association, and who is at the present

time President of the Atlanta Clearing House Association. Mr. Ottley, in addition to explaining various functions of the Clearing Houses, also went into the subject in such a manner as to bring out other vital points, and to show the beneficial relations of Clearing Houses to the banks of the country. Mr. Ottley has always been counted as one of Atlanta Chapter's best friends, and his talk was fully adaptable to the needs of the class. He will always be welcomed most enthusiastically at our meetings.

BALTIMORE.

BY THE BULLETIN AND PRESS COMMITTEE.

The April open meeting of Baltimore Chapter was a big success from every standpoint. The addresses by Hon. E. E. Pratt, chief of the Bureau of Foreign and Domestic Commerce, Washington, D. C., and by Dr. A. R. L. Dohme, President of the Baltimore City-Wide Congress and the head of one of Baltimore's largest drug manufacturing firms, were very interesting. Mr. Pratt spoke on "The Future of Our Foreign Trade," and he discussed this subject particularly from the financial standpoint which, of course, made it all the more interesting to the large number of bank men who were present.

The educational classes all closed the season during the last week in April. The members of the class in banking took the examination for the Institute certificate or the credit towards the certificate April 29th, and the number taking the examination was above the average of recent years.

Benjamin H. Heath, Treasurer of Baltimore Chapter, recently resigned his position in the National Bank of Baltimore to become assistant to the head of the banking department of the Title Guarantee & Trust Company. Adrian J. Grape has just been elected assistant cashier of the Commonwealth Bank. He has been very active in Baltimore Chapter work for a number of years, and his promotion is a well merited recognition of his sterling worth. Edwin W. Adams, formerly Vice-President and head of the banking department of the Title Guarantee & Trust Company, and an active Chapter member of long standing, is Vice-President of the recently organized Seaboard Bank of this city. C. Leland Getz was recently elected a full member of the Baltimore Stock Exchange. He has just changed his business affiliation from Townsend Scott & Son to Robert Garrett & Sons, Investment Bankers. The above is April's dividend record for Baltimore Chapter. The Chapter regrets very much the loss of Everard P. Smith, a member of its debating team, who has resigned his position with the Merchants-Mechanics National Bank to take an executive position with a new insurance company, with headquarters in New York City.

President Albert N. Smith has appointed an Excursion Committee of hustlers under the chairmanship of Gwynn Crowther, of the Merchants-Mechanics National Bank. The annual excursion will be held on Saturday afternoon, May 29th, and everything points toward it being a big success.

At the annual election of members to the Board of Governors of the Chapter held Thursday, April 22d, the following were chosen: C. Walter Katenkamp,

State Bank of Maryland; Albert N. Smith, Merchants-Mechanics National Bank; James H. Dorsey, Fidelity & Deposit Company; Donald Reitz, Munsey Trust Company; Hilary Lucke, Calvert Bank; J. Adreon Keller, Merchants-Mechanics National Bank; J. Louis Schwaab, National Exchange Bank—all for the three-year term; George E. McDonald, Western National Bank, for a two-year term, and Theodore C. Thomas, of Alexander Brown & Sons, for a one year term.

BIRMINGHAM.

BY C. A. HILTY.

Birmingham Chapter of the American Institute of Banking held its regular monthly meeting on the top of the highest building in the South. The occasion was one which will be remembered pleasantly by all those who were in attendance. It was the annual banquet of the Birmingham Chapter. The Press Club, whose magnificent rooms have excited the admiration of all who come to Birmingham, was chosen as the scene of the festivities.

The meeting was presided over by M. H. Sterne, of the Traders National Bank. The President, A. J. Daly, of the American Trust & Savings Bank, made a short talk on the Chapter work and ideals. Mr. Sterne then took hold of the program and after delightful courses, sandwiched with cabaret stunts, Congressman George Huddleston was introduced. He made a very pessimistic speech regarding the effect of the European war upon this country in the years to come. He said that at the conclusion of the present war in Europe foreign bondholders who hold something live seven billion dollars' worth of bonds will want the money on their investments, thereby demoralizing the American market, which would create extremely high rates for money. He was fearful that the United States would not stand the shock with credit. After he was done a gloom prevailed over his hearers, which was fortunately dispelled by the rendition of "Sympathy" by one of the entertainers.

Senator Oscar W. Underwood was then introduced. He made a short speech, the burden of which was that he was glad to be back home among old friends.

Oscar Wells, the new President of the First National Bank, was then introduced. Mr. Wells has only recently come to Birmingham and was formerly Governor of the Dallas Regional Reserve District. The boys were naturally curious as to his sentiment towards the Chapter. They found that he was a hearty advocate of the A. I. B., which was noted with keen delight. Mr. Wells discussed the Federal Reserve Act. He speaks with authority and from actual experience. He gave it as his opinion that the Federal Reserve Law had thus far proved a success. He believed that as the people become familiar with its provisions and operations they will be more favorable to its continuation. He hoped that soon all the banks, both State and National, would be included in the system, and that the banks should more and more take advantage of the benefits which are held out by the system.

The banquet was voted a success and the guests departed at a late hour.

We are now concluding our year's work in the study classes. Reviews are in order. Each pamphlet is now

being given a review and next month we expect to take the final examination. About twenty of us have decided to take the examination, and we hope to make a creditable showing.

BOSTON.

BY HAROLD A. YEAMES.

With the annual meeting May 12th Boston Chapter completed its sixth successful year of progress. The past season has been most satisfactory, a large number of our membership have taken advantage of the excellent educational courses provided, and there has been a hearty spirit of co-operation between the members and the administration always in evidence.

We are now entering upon that dormant period of the Chapter year, when we can devote our spare time to Summer recreations and diversions, while our new executives and committees arrange and plan for the season of 1915 and 1916.

Boston Chapter has always strictly adhered to the chief and original purpose of the Institute, which is educational, although the opportunity for sociability and good fellowship has been provided for in the monthly "Chapter Nights."

The last of these successful meetings was held April 7th in one of the attractive dining rooms of the Boston City Club. It was our first gathering in this new and magnificent club house, only recently dedicated and opened to its members. There were over one hundred and fifty Chapter men present at the dinner, which was presided over by President Frank Bryant. The Chapter Quartette gave several selections, which added much to the evening's enjoyment. Hon. George Fred Williams, former United States Minister to Greece, made a strong and forceful speech, in which he championed the cause of down-trodden Albania. While relating the unfortunate state of affairs, and the various forms of oppression used to subjugate this little country, overshadowed by the greater nations of Europe, the speaker did not hesitate to freely express his own opinion of European diplomats, and also frankly gave his reasons for resigning his post as Minister to Greece.

O. Howard Wolfe, Assistant Educational Director of the Institute, and a warm friend of Boston Chapter, gave an interesting talk on the Federal Reserve Act and the Institute, criticising severely the attitude taken by many bank men when discussing the new banking system.

The post-graduates recently enjoyed an interesting and instructive trip to the manufacturing plant of the Boston Woven Hose & Rubber Company at East Cambridge. This concern manufactures from the raw material various grades of hose, tubings, jar-rings, soles and heels, and numerous rubber articles in daily use. The plant covers about fourteen acres of floor space, and over fourteen hundred hands are employed when running full capacity. Highly developed efficiency was in evidence through all the various stages of manufacture.

The annual adding machine contest for the silver cup offered by the Burroughs Adding Machine Company took place in the Chapter rooms April 23d. Paul E. Hartford, of the Union National Bank of Lowell, won the contest with a record of two minutes twenty

seconds for one hundred and fifty checks, and Eben Darling, of the First National Bank of Boston, winner of last year's competition, was second. Each of these men now have a leg on the trophy.

BUFFALO.

BY GODFREY F. BERGER, JR.

On Saturday, April 17th, the second of our industrial visits took place. This time the Washburn-Crosby Flour Mills were visited. "Gold Medal" flour was unanimously voted as being "some" flour and everyone present now believes that products containing this flour are as pure as only the best of flours can make them.

From now until Fall the trips will be discontinued, the prospect of baseball, tennis, canoeing, etc., making a visit through a hot industrial plant on Saturday afternoon a trial rather than a pleasure.

May 15th is the night! The banquet hall of the Hotel Statler the place for it! What? Why our annual banquet to be sure! James H. Perkins, Vice President of National City Bank, of New York City, will talk on our new banking and trade opportunities in South America. Dean Alden, of the Buffalo Law School, and W. S. Evans, President of the American Institute of Banking, are also on the program. A good orchestra has been procured for the evening and everybody is looking forward to a good time.

Judging from the letters to President Hoffman, the Buffalo banks, on whom we depend for our financial support, are more than ever willing to support us in an effort to make Buffalo Chapter one of the largest, as well as one of the most progressive chapters, as it now is, in the country. The present administration and all the members of the Chapter have worked hard and the generous response of the banks might well be termed a crowning achievement to a successful year.

Our banquet on May 15th, election of officers on May 18th and examinations on May 22d will complete the season of 1914-1915. About 30 men will take the banking and finance examination. Eight of these upon passing will be entitled to the certificate of graduation, increasing our graduates to 25, a splendid average when one considers that three years ago our total of graduates amounted to three.

CHICAGO.

BY G. W. COOKE.

The stellar attraction of the year was presented at the meeting of April 13th, when J. Paul Goode, Ph.D., of the University of Chicago, spoke on the "Geographic and Economic Influences of the Great War." With constant recourse to many enlightening maps and charts, Professor Goode said:

"The geographer's point of view is to me a very interesting one, for the geographer attempts to find out what are the fundamental things at work shaping human history.

"Before this war began a person in Germany discussing German politics would not go very far before he would be stopped. The German would say, 'Ah, but you forget the map.' That is scientifically true. Many of the things which we want to consider grow out of the map relations, and we can consider them best with the map before us. One of

the features of the physical map of Europe is that it is dissected by water boundaries. Greece and Italy are cut off by the Alps. The Iberian peninsula is a natural unit. Africa begins at the Pyrenees. The British highlands has a water barrier which is better than mountains. Norway and Sweden have a water barrier. For the rest of Europe the physical units are not so marked.

"But one of the greatest factors for the whole of the continent is the great plain which stretches from the Pyrenees to Bering Strait, six thousand miles. On this plain all political boundaries are established arbitrarily by force of arms. There is no other logic for Belgium, Holland, Denmark or the western or eastern boundary of Germany. For beyond Prussia Russia overruns all the rest. And out of the great plain all of the trouble has come which has been written in the history of struggle after struggle in western Europe. The great European plain—the national and political boundaries in it are artificial. Russia overruns all the rest beyond those units, and it is a region without natural barriers. In this connection we are thinking about the eastern part of Germany.

"Before history was written this plain was the scene of restless hordes which swept in great waves out from the dead heart of Asia, great hordes of fighting men. Age after age they poured against the mountains and the woods of western Europe, setting all the tribes of Europe in motion and peopling Europe in strata, the youngest at the western boundaries.

"History runs in cycles on the great plain. Strong governments have held it before Russia—Genghis Khan, who ruled from 1162 to 1227 from Peking to Ural; Kubla Khan from 1216 to 1294, to the Baltic basin; and Tamerlane from 1333 to 1405 to India and Persia and Russia—like the Comanches and the Apaches of America. But the focus of the most frequent attack was the German plain. So that the habit of war has been bred in the men of these plains for ages. Tacitus, the Roman historian, describes the fierce and independent spirit of the Germans, and he looked on them as a standing menace to Rome. Caesar called the Belgians the bravest of all the northern tribes.

"By the end of the sixth century A. D. the tribes were arranged about as now in Europe. The Celts at the southwest, the Germans in the center and the Slavs at the east, and the Mongols, Turks and all Asia beyond. Yet always upon the great plain the pushing and crowding of ambitious groups has gone on. Modern Prussia began at Moscow on the great plain with Ivan the Third in 1480, which marks the overthrow of the Mongols; and that is the beginning of modern Russia. The emperors who followed him went to war and pushed their borders a little further across the plains until we come to the next stage, and the last stage, when the process of assimilation went on, and you will remember that it was only in 1905 that Russia had to relinquish Port Arthur on the earnest solicitation of Japan.

"Now after over four hundred years of unbroken program of land hunger we have a new map of Prussia. It has been four hundred years of land hunger on the part of one of the great nations, and I will ask you to keep track of this as a typical cause of land hunger.

"Now, the German part of Europe has had a very checkered career. From the very fact of its position in the continental plain, along the north and west mountains, the plain is divided up into little areas, affording political unity, although usually in little states with more or less friction which have been sometimes unified by strong governments.

"How many interests have focused into this great war? Many interests have focused the nations into this great clash of arms. Some of the interests are old as the race, and some are recent. Religion has usually figured in such things in the world's history, but I cannot discover in this case that religion has had very much to do either in provoking or preventing the war. Nietzsche said: 'God is dead! He hath died of his pitiful men.'

"There are four things that have influenced this war. First, there is race hatred, and that is a very easy thing to be engineered into friction. It is the cause of friction in this country and in the city of Chicago. But it was necessarily the cause of friction in Europe. I have a map here which shows the region of the greatest race mixture in Europe. There is as much mixture there as you get anywhere outside of Chicago or the Philippines. Race hatred in Europe is largely a matter of ignorance, one group or the other, and it is easiest invoked across a language frontier, and does not necessarily arise from the migration of workmen.

"Second is land hunger, a thirst for power, the ambition of a ruling house or class for territorial expansion. Nietzsche said: 'Thirst for power, the malicious gadfly which is being sent on the vainest peoples, the scorner of all uncertain virtues, that which rideth on every horse, and on every pride.' Land hunger, the thirst for power, is a very strong influence in this case. Russia has it, always has had it; Britain has it, and though Britain has come later to it than Russia she has succeeded fairly well at it. Prussia has it, but it has taken a century to get all the lesser states together, only to find herself ringed in by strong powers, and the world outside almost wholly claimed by others.

"And, third, I am going to speak of the appetite and training for war, and I need say nothing further about it. We know that story very well. I will just quote one sentence from Dr. David Starr Jordan, who said: 'A nation that is not loaded does not go off.'

"And in the fourth place I want to speak of the commercial rivalry, which is the strongest proximate influence that we have in this war. All these influences and some others are involved. All have been successfully played by the astute war caste in the various lands. Please bear with me for a moment in thinking that this war has been engineered by a class, a caste, which brought on the war.

"It will be an interesting exercise to try to see how geographic and economic influences have functioned in these various channels. A survey of the resources of the great belligerents will be helpful. Four great nations, Britain, Germany, France and Russia, are the chief actors in the titanic struggle. Yet the real issues are between but two, Britain and Germany.

"And now let me call your attention to the rise of the world's trade and the growth of national rivalry. He who controls the sources of wealth controls the destiny of a people. Land is the chief source of wealth. The government is in the hands of landlords, and most of the countries of Europe are still controlled thus. In Great Britain the last century has seen the rise of the manufacturing and commercial interests to power. But because the government was in the hands of landlords manufacturing and commerce had to be developed privately, and often against the opposition of the government. But step by step the landlords have been overruled, and there has been the development of free trade, freedom to emigrate, the extension of the franchise, colonial development, and the development of foreign trade, and the House of Lords lost its veto power in 1910.

"The same revolution is in progress in Germany, only it has come later. The Junkers, or landlords, are still the government in Prussia. In proportion as the industrial population has become large and wealth producing the government has taken an interest. 'Made in Germany' gave credit where credit was due, and has been of tremendous importance in the development of German trade. In 1879 the railways were taken over by the government, and the government was thus able to control the freight rates in the interest of industry, and thereby was able to encourage industry and commerce. Educational, technical and commercial, has been developed. Banking was organized to support trade, and to look after German interests in foreign lands. By all these means German trade has grown prodigiously, often at the expense of the merchants of other lands.

France has been distanced and Britain has suffered more.

"And now all this great rivalry is on trial. But will any question be settled by this trial? Will all this red business have to be done again some day? Before we express an opinion we must see who holds the world's stores of coal and iron. The world's total amount of coal is seven and one-third trillion tons, and of that the United States has three and eight-tenths trillions, or more than one-half of hemisphere.

"And what will be the end of it? Unless the world wakes to the wicked waste of war, and provides some other means of settlement of international differences, it will all have to be done over again some one day, when our country in its turn must go into the lists in defense of its life. Someone asked a British bishop a few days ago: 'Who will win in this great struggle?' The good bishop answered by questioning in turn. 'Who won in the San Francisco earthquake?'"

Since the withdrawal of Mr. Gorby as candidate for the Institute presidency, political interest has centered in local affairs. Joseph J. Schroeder, leader of the Chapter Forum and one of the most active workers, has announced his candidacy for President. "John H. Grier," the most popular man in the Chapter, is out for Vice-President, with no opposition in sight. The convention bee has stung several of the older men, who have not been active in recent years, and prospects for a strong representation seem good.

There is a keen determination evident in the Board of Directors to merit the confidence reposed in the organization by the leading bankers, evidenced by the endowment subscriptions. Next year's work will center in the classes, and will probably be upon a larger scale than heretofore attempted.

CINCINNATI.

BY WM. BEISER.

The annual dinner of Cincinnati Chapter was held at the Sinton Hotel Friday evening, April 23d. It was altogether fitting and proper that Orin Littell, the toastmaster, made a complete brief review of Cincinnati Chapter from the date of its inception. The memory of George Guckenberger, who has heretofore been referred to as the "Father of Cincinnati Chapter," was kept green through the reference made to his great interest and assistance in the early days of the organization.

Harold J. Dreher, of Milwaukee, ex-President of the Institute, responded in a thoughtful and forceful manner to the toast of the "American Institute of Banking." He also made a brief review. He told of the change of opinion from one of DOUBT to one of FAVOR respecting the organization. He spoke of the unfettered individualism of the work of the early pioneers, and made comparisons of their efforts with the co-operative efforts now so largely used in the complicated economic development of to-day. He paid a deserved tribute to the work of the bankers in the progress of our country. It had been said that bankers were not producers. He easily disproved this theory when he made reference to the valuable service performed by them in the development of this country. In fact, he stated that with the exception of the pioneer the services performed by the banker have been as valuable as those performed by any other profession. He advocated the idea that bankers should lead in the current activi-

ties of the day respecting agricultural credit, to retard the waste in governmental and municipal fiscal plans and in the conservation of economic wealth. He made reference to the part they should take in the matter of the development of the necessary merchant marine, of the trade with South America, which country is so full of possibilities at this time, and of the development of trade with China, with which this country is on such friendly terms. Through the leadership of the bankers and the consequent development of banking facilities there should be that desired economic penetration which is of so much value to a nation engaged in it. He made reference to the leading banker statesmen such as Morris, Hamilton and Gallatin, and to the important part they took in the affairs of this country, and pleaded for the development of such banker statesmen for the future.

T. C. Powell, President of the Chamber of Commerce, referred in detail to the activities of our local Chamber. Generally speaking, the members had no idea that its ramifications extended into so many fields of activity. He spoke of the efforts of the Chamber of Commerce to provide that the proposed Dixie highway pass through our city. He told of the efforts of the Chamber of Commerce in obtaining so many conventions for the city of Cincinnati. As the Chapter is interested in the development of the community and has given manifestations of its interest through the organization of the College of Commerce and the development of thrift in the schools, it should become a part of the Chamber of Commerce, especially since it had been so courteously invited by the President of the Chamber of Commerce. Larger opportunity will thereby be given to the Chapter for development in the affairs of municipal activity.

Prof. Frederick C. Hicks spoke of the necessity of bankers taking an active interest in business and municipal affairs, so that the handling of such affairs would not necessarily fall into the hands of less capable men. In a neat presentation speech of the gold medals to the successful students in Banking and Commercial Law, he made reference to the great opportunities presented to the Chapter for the development of the bank men of this city. He paid a deserved tribute to the efficient instructions of John P. H. Brewster in the Banking Class and Henry Mergler in the Law Class. Gustav E. Gebhart was the winner of the gold medal in the Class of Banking, and Ernest B. Dunkie won like honors in the Class of Commercial Law.

B. H. Kroger, President of the Provident Savings Bank & Trust Co., responded very forcibly to the toast, "The Opportunities of a Banker as a Citizen." He referred to the necessity of the activity of the banker in the affairs of the city and of the State. He spoke of the great increase of the debt of the municipalities of the State from \$41,000,000 in 1880 to \$293,000,000 in 1914, when the population had increased from only 3,200,000 to 5,000,000 in like period. He presented a very proper idea as to the method of financing temporary improvements; such improvements should not be financed through the issue of long time bonds. He told of the keen interest he had been taking in our affairs and had been carefully watching our development. There was no doubt in his mind that the banker of the future must of necessity have efficient training based

on educational qualifications, and he recommended to bank men the taking advantage of opportunities presented by the organization. Mr. Kroger, through his forceful presentation of whatever subject he speaks upon, develops a strong enthusiasm among his auditors.

While the courses were served E. P. Weidinger, of the Central Trust & Safe Deposit Company, entertained with some very appropriate songs. He has a very excellent voice and was well received. Esberger's music, which, according to the Chaptergram, is "Famous from the Rivers to the Hills," was very much appreciated. A ventriloquist took advantage of the weakness of our members by treating of them in a lighter vein.

The winners of the prizes as offered by the Fifth-Third National Bank were as follows: In the Banking Class—First prize, Gus. Hoffman; second prize, Omer W. Clark. In the Law Class—First prize, Willard George; second prize, Wm. Luebke.

The perfect arrangements of the annual meeting could only have been in evidence after careful attention to detail. The committee, of which Louis C. George was Chairman, deserves great credit. All Chapter men were proud of the showing of our Past National President Dreher. He is a typical exponent of the development of the Chapter man, and as the development of the future is to be judged by the development of the past, he is typical of a great promise for future development. His presence with us was of great value to Cincinnati Chapter. The meeting was practically the close of a successful year. The Chapter has indeed proven of strong influence for the development of progress through education. The Chapter man, with a clear vision from the plain of progress that has been reached, can see a future of greater progress. The opportunity for development to Cincinnati bank men will be so manifest that it will be an impelling influence to them to take an active part in its affairs. In this activity development will ensue which will result to the general good of the city. The development of the community along the lines of its activity should be the object of any organization. It was a matter of pleasure that men who are comparatively unknown outside of their bank won the first prizes in the respective classes. It is an evidence of the inherent latent ability. The policy of the succeeding administration should be the development of latent possibilities.

CLEVELAND.

BY H. W. HERRICK.

Activity in all lines has marked the progress of the Chapter during the past month. Besides our regular bi-monthly meetings our annual banquet was held, and a special meeting called April 6th to hear our welcome neighbor, John W. Gorby, President of Chicago Chapter, talk on the much heralded Chicago Chapter endowment plan. He discussed and read in detail the provisions of the arrangement under which Chicago Chapter has been endowed by local banking institutions. We are all deeply interested in this most vital problem as to Chapter finances, and agree to a man that the plan is ideal, and one which might be given due consideration in every city where a Chapter is installed. Cleveland wishes to congratulate Mr. Gorby for his achievement, and hopes in the near future to announce

plans for endowing its own Chapter along similar lines.

On the evening of April 13th William Tonks, Manager of the Credit Department of the First National Bank, spoke to us on the subject of "The Analysis of Bank Credits." His talk proved very interesting and instructive, Mr. Tonks providing everyone present with a pamphlet describing and illustrating in concrete form the way to analyze a customer's statement for the purpose of granting credit.

The annual banquet of the Chapter was held April 21st at the Hotel Statler, and was a rousing success. After we partook of the sumptuous feast, during which orchestral and vocal numbers were rendered (professional and otherwise), President McKee delivered his annual address, giving a brief resumé of the accomplishments of the past year and the hopes of the future. Rev. Chas. T. Shaw, of the Boulevard Presbyterian Church, followed Mr. McKee with a short talk on the "Value of an Ideal." E. G. Tillotson, of Tillotson & Wolcott, spoke very humorously on the subject, "Does It Pay to Be Good?" The concluding address was delivered by President Henry Churchill King, of Oberlin College, who addressed us in his usual scholarly manner on "Friendship." The evening was then given over to dancing, about seventy-five couples participating in the latest fox-trots, hesitations, etc.

Hon. George S. Adams, Judge of the Juvenile Court and the Insolvency Court, delivered an interesting and instructive address before the Chapter on the evening of April 27th. His subject was "The State's Duty to Its Future Citizens." The annual election of officers and the board of governors takes place in May, at which time examinations in our educational classes will be held. Before adjourning for the Summer months our public speaking and debating class has promised to stage a debate, but as yet the date is unannounced.

DALLAS.

BY A. B. KENDRICK.

That Dallas Chapter is an exponent of higher education in banking has been demonstrated, and that it most heartily endorses the educational policy of the Institute and is using every means within its power to induce the young bank men to take advantage of this opportunity to educate themselves in their chosen profession is especially true. Yet, only half of those who would profit by membership in the Institute have been reached. However, the goal of those who have labored and wrought for the Chapter through all these years is about to be realized in the new membership campaign now in progress.

The history of man bears out the fact that those who have acquired education or special knowledge are always ready and often anxious to give their fellows the benefit of their knowledge. Such was the spirit that prompted the reduction of the monthly dues from one dollar to twenty-five cents. It has been thought for some time that the dues were too high, and probably some who otherwise would avail themselves of the distinct advantage educationally offered by affiliation with the American Institute of Banking did not join on this account. Already splendid results have been obtained. In some of the banks ninety-five per cent. of the entire

office force have joined, and it is expected that every bank man in Dallas will soon be a member.

The announcement of Stewart D. Beckley as a candidate for the Executive Council in the last issue of the JOURNAL-BULLETIN has met with favor as reflected in letters received from his many friends throughout the United States. An effective campaign committee is being organized to present Mr. Beckley's name to the A. I. B. membership at the San Francisco convention. No stone will be left unturned to place Mr. Beckley in this important position, which he so richly deserves and can so capably fill.

DETROIT.

BY FRED G. GREIG.

The April general meeting of Detroit Chapter was well attended and was a signal success from a social as well as an educational standpoint. A dinner was served, during the course of which Nelson Doyle, of the Peninsular State Bank and a member of the Chapter, favored us with several vocal selections. The principal address of the evening was delivered by W. J. Gray, Vice-President of the First and Old Detroit National Bank, on the subject of the "Federal Reserve Act," and was highly instructive. Detective Frank Wilkinson, whose eagle eyes watch over the financial district of the city, gave a very interesting talk on matters in connection with his work. Another feature of the evening was a recitation by Charlemagne Koehler, A.M., formerly professor of elocution at Georgetown University and Notre Dame University, who is now conducting our class in public speaking.

On May 12th the public speaking club of the Chapter will hold a banquet. On this occasion each member will be assigned a subject on which to speak extemporaneously. Under the capable leadership of Prof. Koehler some very good talent is being developed in this line, and in the near future neighboring Chapters may expect a challenge to debate.

The class in commercial law will soon have completed the course, and after the examination has been taken, our list of Institute graduates will be increased materially.

It is a pleasure to report that the financial institutions of Detroit are just now recognizing the educational work being accomplished by the Chapter by lending a moral and financial support, which to us is indeed encouraging.

HARTFORD.

BY CALVIN C. BOLLES.

Even defeat can be sweet. Our debating team, in which we justly take great pride, lost out to our friends from New York on the evening of April 20, 1915. The decision was the closest possible, six to five. Both teams debated in a manner which bespoke of thorough training, carefully prepared papers and, best of all, with true brotherly spirit, which characterized all six men as A. I. B. men—gentlemen.

The subject was "Resolved, That the California Law Forbidding Japanese Aliens from Holding Land Be Repealed." Hartford upheld the negative side. The men who spoke for New York were Louis Amperin,

of the Corn Exchange; Adolph Johnson, of the Irving National, and B. S. Miller, of the Chemical National. Mr. Schultz also made the trip and acted as timer alongside of Newton Larkum, of our Debate Committee.

The Hartford men were led by Wilbur F. Lawson, assisted by A. George Mackinnon and Earl C. Young. Our old college chum, Vic Neilson, acted as alternate.

The debate was the first ladies' night we have had in years, and our fair ones turned out in fine style. The auditorium in the Centre Church Parish House was comfortably filled. During the intermission, while the judges were making their decision, solos were rendered by Miss Grace Goddard and Philip Hansling, Jr., assisted at the piano by Miss Ibelle Beals. Their efforts were surely enjoyed, judging from the vigorous applause.

Any way we are not sore. We lost a close debate and had a good time doing it. Come again, boys, and see if your luck has changed.

On the night of the 27th the examination for the Banking Class men was held. This Winter we had thirty-six men eligible to be examined—a record number and an unusually high per cent. of the total enrollment.

Banking circles are being stirred again by changes which mean a great deal to Hartford and her finance. On the date of this writing the Hartford National and the Aetna National are doing business under one roof and under the title of Hartford-Aetna National Bank. Alfred Spencer, Jr., formerly President of the Aetna, is to be the head of the "Allies." Frank P. Furlong and Henry T. Holt will be Vice-Presidents; Addison G. Brainard, formerly Assistant Cashier of the Hartford National, will serve as Cashier, and W. S. Andrews, D. W. Hubbard and E. M. Crampton are to be Assistant Cashiers. All were officers of the consolidating banks previous to the alliance.

The many friends of Henry T. Holt will read with interest his promotion and wish him well in his new work. Mr. Holt is one of our Chapter's strongest champions and was our first president.

The annual election in May has brought out the following slate, labeled as the Progressive ticket: For President, Wilbur F. Lawson, First National Bank; for Vice-President, Calvin C. Bolles, State Bank and Trust Company; for Secretary, Clarence T. Hubbard, Security Trust Company; for Treasurer, Earl C. Young, Hartford Trust Company, and Victor I. Neilson, Riverside Trust Company.

LITTLE ROCK.

BY J. J. McGRATH.

Little Rock Chapter of the American Institute of Banking opened the season of 1914-1915 with a smoker, held in the rooms of the Little Rock Clearing House Association on October 5, 1914. We had for our guests and speakers the Hon. George W. Hays, Governor of Arkansas; the Hon. Charles E. Taylor, Mayor of Little Rock, and the Hon. J. D. Covey, Assistant Bank Commissioner. At this initial meeting our President, R. E. Cornish, outlined the year's work. Mr. Cornish has left nothing undone to make this year the most successful one in Little Rock Chapter's history. The course in Banking and Finance was taken up under the guidance of several of our bank officers and several of this city's

ablest attorneys. Through the efforts of Mr. Cornish and our instructors the class has been held together and has completed the course. About eighteen of the Institute members took the course and are now reviewing for the examination. A class in public speaking has been organized and has just started its work, and judging from the interest taken in it the class will be continued through the summer.

The Chapter gave its first banquet at the Hotel Marion on Thursday night, March 25th, our President, R. E. Cornish, presiding and the Hon. J. N. Heiskell, editor of the "Arkansas Gazette," acting as toastmaster. Mr. Cornish in a very happily delivered address introduced the toastmaster, who then assumed charge.

Mayor Charles E. Taylor was the first speaker introduced. He talked of the general disappointment occasioned by the decision of the Supreme Court prohibiting cities in Arkansas to issue bonds.

T. W. Kirkwood, Assistant Cashier of the Bank of Commerce, in an excellent talk, "The Value of the Institute," spoke of the good that a fellow gets out of the A. I. B. and urged the members to get together and build up the Chapter. He placed special stress on the necessity of the co-operation of the officers of the banks with the boys in making the local Chapter a successful one.

J. H. Carmichael, a prominent Little Rock attorney, talked on "Contracts." His talk was interspersed with humor, but he gave much sound advice on making proper contracts.

J. F. Loughborough, another Little Rock attorney, talked on "Bonds." His talk gave interesting information touching the different amendments by which certain foreign-held bonds were declared not to be paid, ill considered measures which gave to this State a reputation for adopting a repudiation policy, which seriously and for a long time affected its credit.

J. S. Pollock, one of the oldest bankers in the State, and president of the Little Rock Clearing House Association, gave an interesting talk on the history of clearing houses.

J. D. Covey, of the State Banking Department, was the last speaker of the evening. In his address, "Arkansas Banks," he told something of what the Banking Department was doing and declared that the time was coming in Arkansas when every bank in the State would be in such a sound condition that there would be no need of a guaranty law.

Nearly 100 attended the banquet, and it was such a success that it is expected to become an annual event.

LOS ANGELES.

BY E. G. McWILLIAM.

Los Angeles Chapter is off with a running start.

Its second open monthly meeting was held on the evening of April 22d, in the assembly room of the German-American Trust & Savings Bank, and, if possible, exceeded the meeting of last month in enthusiasm. The room was filled to its full capacity and many were compelled to stand during the evening.

The speakers of the evening were Hon. John D. Works, United States Senator from California, who took as his subject "Business and Government," and G. Howard Powell, manager of the California Fruit Exchange,

who spoke upon "The Consumer's Dollar and What Becomes of It as Applied to the Citrus Fruit Industry."

In speaking of business and legislation, Senator Works gave especial attention to the Federal Reserve Act and the Federal Trade Commission, the first of which he characterized as unnecessary and the second as vicious.

In speaking of the Federal Reserve Act, Senator Works said that it was a piece of legislation which had been forced by the influence of the executive department of our Government and the power of a secret caucus which compelled many legislators to vote contrary to their own conviction, which influences, the Senator said, should never enter into the passage of any piece of legislation.

Senator Works took the position that there was little or no commercial paper in California suitable for rediscount with the Federal Reserve Bank, and that the only reason a large number of Reserve banks with branches had been provided for was that the platform of a political party demanded it.

He further stated that in his opinion there were no functions exercised by Federal Reserve Banks which might not be exercised by the Treasury Department, and predicted that the Federal Reserve System would eventually prove a failure.

In regard to the Federal Trade Commission, Senator Works said that it practically placed under the guardianship of five men 300,000 corporations in this country. He called attention to the fact that the five members of this commission were a court of last resort in deciding what were proper or improper methods of competition in any business.

The Senator stated that if this bill reached only dishonest business he had no criticism to offer, but that in its present form business men generally were afraid to enter into active competition, and that business had been placed in a straitjacket.

Mr. Powell gave much valuable information in regard to the marketing of oranges and lemons and the financing of such operations, and told what the California Fruit Exchange is doing to improve the methods of handling this industry.

Among the many interesting facts brought out, Mr. Powell said that decay and mishandling of oranges and lemons is costing the State citrus growers from \$40,000 to \$60,000 a week. In spite of this fact the California Fruit Exchange records show that 13,620 of the 13,642 cars of oranges shipped for the season to date have returned a profit to the grower, while but nineteen of the 1,519 cars of lemons shipped were marketed at a loss, and that citrus men have realized more on their crops than have producers of any other perishable commodity.

The policy of holding these open monthly meetings will be continued by Los Angeles Chapter until the Summer season. In the meantime the Educational Committee is at work formulating the educational program to be taken up early next Fall, and it is hoped to have a prospectus giving an outline of the course of study to be pursued, together with names of instructors, in the hands of every bank man in the city by September 1st.

We are planning to entertain the delegates to the San Francisco convention for the few hours they will be in Los Angeles en route to the convention, and R.

B. Hardacre, assistant cashier of the Security Trust & Savings Bank, has been appointed chairman of a committee to arrange for that entertainment, and will probably have something to report next month when details have been definitely worked out.

President Thomson has also appointed the following committees:

Educational Committee—W. H. Thomson, chairman, National Bank of California; W. A. Ellis, Security Trust & Savings Bank; A. W. Frye, Los Angeles Trust & Savings Bank; Fred Healy, German-American Trust & Savings Bank; Leo S. Chandler, Citizens Trust & Savings Bank.

Membership Committee—Walter Bridwell, Citizens National Bank; George S. Pickrell, National Bank of California; P. R. Williams, Commercial National Bank.

We now have 175 earnest members and will elect delegates to the convention at our next meeting.

Altogether, it may be said that Los Angeles Chapter is beginning with a proper appreciation of all that the Institute stands for, and hopes are long to be ranked as among those Chapters doing the most effective work toward maintaining Institute standards.

MINNEAPOLIS.

BY S. J. FITZSIMMONS.

Within the next week a very successful year in educational work for the Minneapolis Chapter will have come to a close. Our classes start in the first week in October and the final examinations are usually held in the last week in May. The interest in the study classes has been growing from year to year, so that at present there is a large enrolment in the "Institute Night School." Outside of the regular Institute classes, the class studying the law of real property, taught by a prominent practising lawyer, proved to be the most popular, although not a few enrolled in a short course in accounting offered by the General Extension Division of the university. We are looking for several additions to the Chapter roll of honor this year. This roll of honor is a list of the names of those who have secured the Institute certificate and is published at the instance of the Educational Committee.

Minnesota experienced an unusually early Spring this year. The month of April, as a rule, is more or less stormy and rainy, but this year it was wonderful. The days were warm and sunny and there was little rain, and the trees and grass became green much earlier than usual. We had a late heavy snowfall in March which put a great deal of moisture into the ground, so that the usual April rain was not needed. This early warm weather tended to make everybody seek out-of-doors, and many are playing tennis at every opportunity, with the annual Chapter tournament to be held late in the Summer in view. The first one was held last Summer and the prizes are two handsome cups, one for the singles and one for the doubles, to be competed for annually. Two commercial baseball leagues have been started in Minneapolis, in which several of the banks have teams. Although this is not a Chapter affair, most of the personnel of the bank teams is made up of Institute members, so that we will watch the standings with interest. Perhaps later on we may form a team and ask the St. Paul Chapter if they do not wish an opportunity

to get revenge for their defeat in the annual speed contest in March.

On April 21st President Gorby of Chicago Chapter paid a visit to the St. Paul Chapter on the occasion of its annual banquet, and told them how he landed the \$100,000. The St. Paul Chapter, being true brothers, decided to let us in on the good thing, and some of our veterans, all tried campaigners, were quick to accept the invitation. They heard how Mr. Gorby worked the charm and they hope to make good use of the information gained for the benefit of this Chapter. They report that they took off their hats to him.

By the time this is published the nominations for officers for the season of 1915-1916 will have been made and the race will be on. We are expecting some keen competition for the different offices this year, and particularly among those who wish to represent us at San Francisco in August. We lost no time in joining the American Bankers Association as soon as the opportunity was given us. It is expected that there will be some keen competition over whom shall be delegate to their convention in Seattle.

NASHVILLE.

BY LEON M. SAVELL.

Nashville Chapter gave its last regular program for the year at the Y. M. C. A. Tuesday night, April 13. Joel B. Fort, Jr., delivered an excellent address on "The Benefits of a Bank to a Community." Joe is always an entertaining speaker and is an orator of no mean ability. He was followed by John B. Morcombe, who gave a history of the United States Treasury.

A new constitution was also read and discussed and made a special order of business for the May meeting. This will also be the time for the annual election of officers, and already the campaign committees are pushing their men.

NEW ORLEANS.

BY RAOUL PRUDHOMME.

The March meeting of the Chapter was featured by the very able lecture on "The Principles of an Audit," delivered by A. Norman Young, manager of the local office of Marwick, Mitchell & Peat, also Professor of Accountancy of the Tulane College of Commerce. Mr. Young's lecture was especially adapted to the bank man's point of view and was most interesting and instructive. Following Mr. Young's lecture an extemporaneous debate was held by members of the Debating Class. The subject chosen just before the debate was "Resolved, That the State of Louisiana at its next session should enact a statute prohibiting the sale of spirituous and intoxicating liquors within the State." The debate was a very spirited one and was thoroughly enjoyed by all present, it serving to illustrate very conclusively the exceptional benefits to be derived from a course in public speaking. The judges awarded the decision to the affirmative, represented by Messrs. Moise and Lloveras, the negative being upheld by Messrs. Farrell and Brady.

The April meeting brought forth the largest attendance of the year, over 200 members being present. The attraction was the monster adding machine contest,

with seventy-two actual entrants. Mr. Howard, local manager of the Burroughs Company, very generously donated a handsome loving cup, the cup to be a challenge one, to be contested for annually and to remain the property of any party winning it twice. The judges of the contest were three of New Orleans' most prominent bankers, L. M. Pool, Vice-President of the Hibernia Bank; G. Owen Vincent, Vice-President, Commercial Germania Trust & Savings Bank, and F. Dietze, Jr., Cashier, Canal Bank & Trust Co. The timers were Messrs. Hernandez, Bauman, Bourgeois and Ramos. Mr. Howard acted as master of ceremonies. While no records were broken, the contest was very exciting, L. F. Pecot, of the Bank of Orleans, being the winner; time for 100 checks, 1.38. Mr. Deblanc, of the Hibernia Bank, came second; P. Blum, Jr., of the City Bank, third, and F. J. Bourg, of the Hibernia Bank, fourth. The contest was the most successful ever held by the Chapter, both in point of number of entries and interest displayed. We hope to make this contest an annual event.

Preceding the contest the President made a short address to the gentlemen present, telling them of the Chapter's activity during the past year and calling upon all bank men in the city to enroll and help increase its efficiency. He then called for the nomination of officers to serve for the ensuing year, all of the men nominated being very prominent in Institute work, and we can safely predict a very successful year in store for us. The election will take place the last Saturday in May and will be followed by the annual banquet. Mr. Ramos, of the Canal Bank, is Chairman of the Banquet Committee and he intends to eclipse all former records. We expect every member to be present, as we assure them that they cannot afford to miss it.

NEW YORK.

BY J. B. BIRMINGHAM.

Interest in this season's work has been sustained to an unusual degree throughout all the courses, and we are looking for a record-breaking number of men to successfully complete the final examinations and become certificate holders and one credit men. Signs of Spring are well marked among us; our courses are practically over and our thoughts are more lightly clothed as befits the approaching weather.

The Seaside Section is completing arrangements for a home by the seashore. We shall possibly be at New Dorp, Staten Island, with a large clubhouse near the beach and having twelve spacious rooms. The dues will be \$5 annually, with a small extra charge for meals and for stop-overs of more than a couple of days. The trip can be made for twenty cents, and in addition to excellent swimming we have facilities for baseball and tennis. There are no mosquitoes and the clubhouse is near aviation grounds and good fresh-water fishing. We are now better prepared than ever to back up our contention that New York is one of the finest Summer resorts in the world.

Between ninety and one hundred men attended the Forum dinner at the Hotel Lafayette on April 28th. Some of the more prominent speakers were Mayor Julian A. Gregory of East Orange, attorney for the New York Credit Men's Association; President Law of the Ameri-

can Bankers Association; Dr. Willis, of the Federal Reserve Board, and our own George E. Allen. Prominent officials of many of our banks were in attendance.

The Committee on Public Affairs is still meeting the many calls made upon it, and its members have been received everywhere by interested and enthusiastic audiences. This is one part of our work that is bound to develop rapidly in popularity, the only limits being the inability of the lecturers to spend all their time in speaking and still hold their jobs.

The debate with Hartford Chapter on April 20th was thoroughly enjoyable—to the New York men. The question was, "Resolved, That the California law prohibiting the ownership of land by Japanese aliens be repealed." New York Chapter upheld the affirmative side, with Louis Auferin, of the Corn Exchange Bank; B. S. Miller, of the Chemical National Bank, and Adolph F. Johnson, of the Irving National, with Harold S. Schultz, the Secretary of the Chapter, as alternate. Hartford Chapter was well represented by Messrs. Lawson, Young and McKenna. The Hartford men turned out in force with their wives and best girls to listen to the debate, and the fact that President Whaples of the Connecticut Safe Deposit & Trust Company announced the unanimous vote of the judges for New York in no way diminished the royal treatment our boys received. We consider it a distinct honor to win from Hartford, and next year we are going to "get" Philadelphia.

It is with an unusual amount of pleasure that we announce "another good man gone right." Fred W. Ellsworth, who is justly popular with all Institute men, has been elected an officer of the Guaranty Trust Company with the title of Publicity Manager. Our best wishes go to him, and to Frederick K. Lister, who is now Assistant Cashier of the Corn Exchange Bank.

The Spanish class proved so popular with its members that they wouldn't give it up. Consequently it will be continued until the first part of July. Special arrangements have been made with the instructor for the additional lectures.

New York is planning to send a good delegation to the San Francisco convention, although the time, distance and expense will keep many men at home, who regret to think of the advantages that they will miss. We are hoping that the convention next year will be held in Philadelphia, Asbury Park or some other one of our attractive suburbs, in which case we shall surely send our full quota of delegates.

In the death of George Lawrence Pegram, Assistant Cashier of the Metropolitan Bank, New York Chapter has lost one of its most valued and best loved members. Mr. Pegram was a member of the Board of Governors and his connection with the Chapter has been characterized by many years of loyal and unselfish service. His place will be hard to fill.

OAKLAND.

BY THEODORE JENKINS.

Oakland Chapter's class in Banking and Finance, conducted under the auspices of the University of California Extension Society, with Professor I. B. Cross in charge, was most satisfactory. There was an average attendance of thirty. All of the following named six

teen members who took the examination passed successfully: J. S. Killam, Ed. N. Genberg, Thomas F. Watson, L. J. Yonce, Ivan Cohn, Ward Sorrick, William R. Ward, Edwin Wampner, Arba Held, C. Hooper, P. F. Orgren, W. S. Schenck, O. L. Texdahl, Fred Caudle, H. A. Merrill and A. J. Richards.

We are looking forward to the A. I. B. National Convention, to be held in San Francisco the latter part of August, and are preparing to entertain the delegates at least one afternoon during such time.

Our annual election of officers for the next year will take place on May 20th, and there will be, no doubt, quite a friendly fight on hand, for there are many who will want to be elected delegates to this convention.

Oakland Chapter has indorsed the candidacy of Arthur E. Caldwell, one of its charter members, for member of the Executive Council of the American Institute of Banking. Mr. Caldwell is one of those who were instrumental in the organization of Oakland Chapter in August, 1907, and has been a delegate to several conventions. He is Assistant Secretary of the Oakland Bank of Savings, one of the largest banks in Alameda County, and is a proud possessor of an Institute certificate. He is a strong advocate of education. He is one of Oakland Chapter's past presidents and his administration was one of the most successful in the history of the Chapter.

PHILADELPHIA.

BY CARL H. CHAFFEE.

Philadelphia Chapter is planning to close the year's work with a rousing annual meeting on the evening of May 7th, at the Hotel Walton, where, in addition to the election of five members to the Board of Governors and delegates to the Institute convention, a vaudeville entertainment, music, cigars and cigarettes and refreshments will be provided. This is usually the most popular meeting of the year, as it is held for the members and sociability is the keynote.

The membership contest closed on April 1st, with Team B a winner, being credited with ninety-one new members. The contest resulted in an increase of nearly 300 in the membership of Philadelphia Chapter during the year, and applications are still coming in. This increase in membership is unprecedented in the history of the Chapter, and gives a total membership of 1,067. This represents a net membership, as at each monthly meeting of the Board of Governors all members who are in arrears are dropped after being given an opportunity to pay up. The winning team in the membership contest, consisting of about twenty-five, will be tendered a dinner by the Board of Governors at the Hotel Walton on Saturday evening, May 1st. At the same time the educational classes will hold their annual dinner and this will afford an opportunity for a good time at the close of the educational work.

Final examinations in the Banking and Trust Company classes have been held and eighty-eight members took the final examinations. The standing in the Trust Company class was exceptionally high and many members of each class will qualify for the Institute certificate. Rowland Comly, President of the Logan Trust Company, has offered a set of books as a prize to the best man in the Trust Company class, and the winner of the prize will be announced in a few days.

At the regular meeting of the Chapter on Friday evening, April 9th, motion pictures of the route of the Canadian Pacific with a lecture by J. E. Macdougall were most interesting. At this meeting the following were nominated to fill the five vacancies on the Board of Governors: William W. Allen, Jr., Carl H. Chaffee, Carl W. Fenninger, Martin Lee, William A. McCamy, William Rich and E. Henry Thurman. Nominations were also made for delegates to the Institute convention at San Francisco.

The Public Speaking and Debate Class closed its year's work with a dinner at the Continental Hotel. After an excellent dinner the local talent of the Chapter was called upon for the after-dinner speeches.

PITTSBURGH.

BY W. A. KORB.

To keep before the minds of the officers of the various banking institutions the educational and social features of the A. I. B., and to impress upon the minds of the clerks of these institutions the high regard which these officers have for the A. I. B., are two of the fundamental factors which lead to the success of the Chapter. With this idea in mind the officers of Pittsburgh Chapter arranged for an open meeting called "Officers' Night." The speakers for the occasion were Clay Herrick, of Cleveland, and Alex. Dunbar, Cashier of the Bank of Pittsburgh, N. A.

After some excellent music by G. Paul Moore, of the First National Bank of Wilkinsburg, and Will A. Rhodes, Jr., tenor soloist of the First Presbyterian Church, President Reed presented Mr. Dunbar, who spoke on the subject, "What the Institute Is Doing for the Young Man in the Banking Business." He spoke of the benefits to be derived from the Institute work, especially the opportunities for promotion, and cited from the many examples of men who have attained high positions in the banking world two members of Pittsburgh Chapter, viz: John Rovensky, of the National Bank of Commerce, New York, and D. C. Wills, of the Federal Reserve Bank of Cleveland. He emphasized also the value of developing a pleasing personality. One of the best examples of a man who possesses this valuable characteristic is Mr. Dunbar himself.

Following Mr. Dunbar's address, Mr. Herrick was introduced. He had chosen for his subject, "The Analysis of a Borrower's Statement." This talk was especially interesting to clerk and officer alike, due to the fact that now, more than ever before, the credit department of a bank is fast becoming one of the most important departments. Mr. Herrick presented his subject in a most pleasing manner, taking up the various assets and liabilities included in a statement and discussing them not only from the viewpoint of the banker, but also from that of the honest applicant for a loan. This usually dry subject was made very interesting and very instructive by the speaker.

The Forum of our Chapter held its April meeting in the Fort Pitt Hotel on Monday evening, April 12th. The members gathered for dinner at 6.30, after which A. G. Boal, the Chairman, introduced Guy W. Shanks, of the Federal Reserve Bank of Cleveland, who led a discussion on the Federal Reserve Act and the operations of the Federal Reserve banks.

BULLETIN OF THE AMERICAN INSTITUTE OF BANKING

The new quarters for Pittsburgh Chapter have at last been secured. They are situated in the Hanan building, 531-533 Wood street, and our house-warming will be held on the evening of May 4th. A program full of fun and amusement has been arranged for this evening. The festivities will commence at 6 p. m. with a luncheon for Chapter members, after which there will be an adding machine contest, then a concert, and finally an address by our old friend John E. Rovensky, Assistant Cashier of the National Bank of Commerce, New York. His subject is, "New York Money Market and Foreign Banking Conditions."

The Educational Committee has planned a trip through the Carnegie Technical Schools on May 5th. The Committee on Public Affairs is still active. E. S. Eggers, Assistant Cashier of the Union National Bank, recently addressed the Mocar Club on the subject, "Financial Requirements of the United States." George Rankin, Jr., Cashier of the Central National Bank, Wilkinsburg, delivered an address on "Popularizing Thrift" before the Pittsburgh Real Estate Board. This association is planning to have a course of lectures on "Thrift."

The Convention Committee, of which Clarence G. Ford, of the Eugene S. Reilly Company, is Chairman, is ready to look after the affairs of its members who are planning to attend the convention. In spite of the warm weather, the attendance in the educational classes continues to be very good. The class in Banking is now studying "Loans and Discounts." The class in Commercial Law is studying "Agency and Partnership."

Pittsburgh Chapter is planning an athletic field meet to take place Saturday, June 19th.

PORTLAND.

BY G. C. BLOHM.

The annual election will be held on May 11th, at which time five directors will be elected and delegates to the National Convention will be chosen. There are a great number of candidates in the field and the contest for election promises to be interesting.

Arrangements are being made for the annual banquet which marks the close of the Institute year, and it bids fair to excel all previous similar affairs of the Portland Chapter. Several good speakers have been obtained for that evening and the committee has amply provided for entertainment.

In making the May issue of "The Tickler" a souvenir number the Publicity Committee promises a publication that we may be proud of. It will contain thirty or forty pages of information and cuts of the Chapter and its members.

RICHMOND.

BY JESSE F. WOOD.

"Socialism" was the topic used for discussion by Bishop D. J. O'Connell at our last meeting. This address was very instructive, especially since he explained the different forms of Socialism and the origin and development of each.

President Goddard has been elected as a delegate to the Virginia Bankers' convention to be held in June

at Old Point, Va. Mr. Goddard is also on the program for a talk on Chapter work before the convention. Officers, members of the Board of Governors and delegates to the San Francisco convention were nominated at our last meeting, the election to be held at the regular meeting in May.

Richmond Chapter has voted unanimously to elect Dr. Douglas Freeman, Assistant Editor of the "News-Leader," as an honorary member of the Chapter. Dr. Freeman has been our instructor in the study course on "Economics," and also for our "Public Speaking Class." His services in this connection have been an invaluable aid to the Chapter's work in the inspiration and ambition of young bank men.

We took another little journey last week. It was our pleasure to visit the plant of the Tredegar Works and witness the making and manufacture of the shells used by our Government.

Our banquet will be held on Thursday night, May 13, 1915, at the Jefferson Hotel. We anticipate a very large attendance and will have some of the best speakers obtainable with us.

The Merchants National Bank employees have organized a club, at the suggestion of the officers of that bank, for the purpose of bringing the employees and officials into closer touch and the promotion and added efficiency of all parties. The boys seemed very much elated over the suggestion.

ROCHESTER

BY FAY E. WRIGHT.

Rochester Chapter held its annual meeting and election of officers on April 20th in the Chamber of Commerce rooms, with an attendance of about 65 members. The following officers were elected for the coming year: President, Harry L. Edgerton; Vice-President, Edwin C. Kaelber; Secretary, Paul B. Aex; Treasurer, Burton W. Louk. Frederick D. Whitney and Frank L. Nied were elected to the Executive Committee for a term of three years. Harry L. Edgerton was elected as delegate, with George C. Lennox as alternate, to the National Convention at San Francisco in August.

Professor Meyer Jacobstein, of the University of Rochester, spoke on "War Fallacies." He cited four fallacies which he said were responsible for the war. The first is that a nation's existence depends on its building up a large foreign commerce; the second, that it is necessary for a nation to own a land to carry on commerce with it; the third, the claim that Russia and Germany had to find room for their surplus population, and the fourth, the way to gain something is to gain it at the expense of your neighbor. He said that in order to gain trade from other countries it is not necessary to go to war.

George E. Allen, Educational Director of the Institute, also gave a short talk, emphasizing the necessity of further educational work among bank men.

The class in Economics and Banking, under the instruction of Professor Jacobstein, has been in every way a success. We have had an excellent attendance at every meeting and we expect a large number will take the examination.

SALT LAKE CITY.

BY J. A. MALIA.

Salt Lake City will welcome delegates to the San Francisco convention either en route or returning and will make elaborate plans for their entertainment. Delegates will do well to route their tickets one way through Salt Lake and plan to remain a day or more. Committees will soon be at work and the Chapter invites correspondence from delegates intending to make the trip. A full outline of our plan of entertainment will be announced later.

The minstrel show is now a thing of the past and we are gradually getting back to earth again. While the show was a success in every way, the time given to it certainly disrupted the work in the classes. A whole month of "Poor Pauline" and "Ragtime Crazy," just near the end of the Chapter year, supplanted the debates and other work in the outline. Notwithstanding the good time and the financial gain of the show, the opinion of a majority of the members is "never again."

Prof. D. M. Draper, who has had charge of our class in English for the past year, will soon leave Salt Lake to make his home at Milford, Utah. Here he will organize their new high school and will be its principal. His success with our class has been marked and it is with keen regret that we bid him "good-by." We expect to keep in touch with him, however, and ask his guidance in organizing our work for the coming year.

The Utah State National Bank has within itself

an efficiency organization composed of the employees of the bank. One of the by-laws of the organization is that every employee shall become a member of the A. I. B. As a result we now have twenty-five members from this bank. From each of three other big banks in the city we have but one active member. Surely something is wrong here, as the benefits derived from the Chapter meetings are apparent. Here is work for the Membership Committee. Let us start the next fiscal year with 150 members.

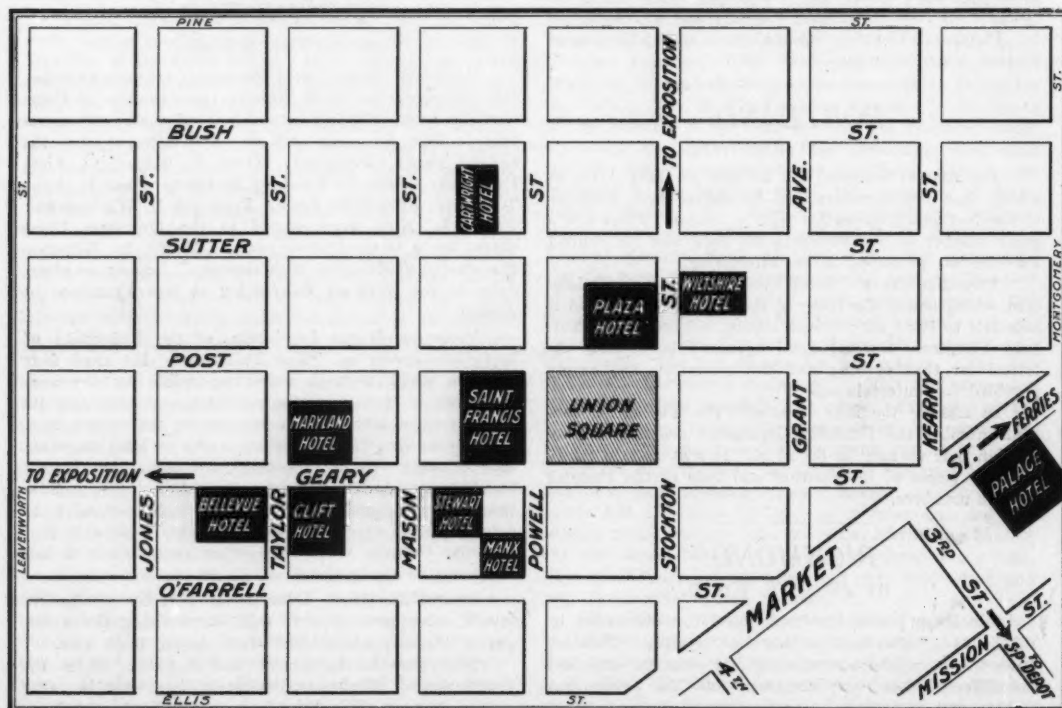
The next event on the program is the adding machine contest, after which will come the examinations and the annual election. A full delegation will be sent to San Francisco this year and some of the younger members who have done good work during the past year will surely receive recognition.

SAN FRANCISCO.

BY W. F. GABRIEL.

On the calendars of all our members Thursday, the 8th, was marked as the red letter day in April. It was the evening of our regular monthly meeting, and the early announcement that F. L. Lipman, Vice-President of the Wells Fargo Nevada National Bank, would address us on "The Establishment of the Federal Reserve Bank" brought forth a very large and interested gathering.

The same evening nominations were made for officers for the coming year and delegates to the 1915 con-



SAN FRANCISCO HOTEL DISTRICT.

vention. Appreciation of the opportunity to act as a delegate to this year's convention was evidenced by the nomination of thirty-two names. We will elect full number allowed, or twenty-two. The day of reckoning has been set for May 6th, and in the meantime election cards and "promises" are being exchanged at a fast rate.

Our Chapter Forum held its second successful meeting on the evening of April 15th. The topic that is the present-day subject of much debate, "Should the State of California Purchase the Western Pacific Railroad?"



TOWER OF JEWELS.

was up for discussion. Very interesting papers were read by the following members on different phases of the subject: "History and Statistics," S. W. Jenkins; "Government Ownership," W. B. Bakewell; "Why We Should Not Purchase," M. R. Clark; "Why We Should Purchase," G. W. Oehlman. Following a round-table discussion it was decided it would be better for the State not to purchase the railroad. "Foreign Trade" was announced as the subject for next month's meeting.

Thursday evening, April 22d, found practically all of our members gathered at the Native Sons Hall for the annual vaudeville show and dance. Always the social event of the year; everybody had a good time, like a big congenial family gathering. In booklet form, done in Exposition colors, the program made an attractive souvenir.

Plans for the 1915 Convention are progressing rapidly and our boys are already looking forward to the days when we will be able to greet our Eastern friends at the depot with a true California welcome and hand-thousands strong. On an adjacent page is reproduced shake. We're ready and we hope our visitors will come a diagram showing the important streets and location of convention hotels. This will be of particular interest to those planning to make the trip. A picture of the "Tower of Jewels" is also published. This tower was designated by Carrere & Hastings of New York. It rises to a height of 433 feet and from an architectural standpoint is the dominating feature of the Exposition. This will be the center of a brilliant night illumination, the outline of the tower being defined by over 100,000 hand-cut glass "jewels" or prisms, hung tremulously, the least atmospheric disturbance causing them to flash and change and scintillate in a thousand different tints and colors.

Thanksgiving services, in grateful acknowledgment for San Francisco's rehabilitation after the fire of nine years ago, were held in the Court of the Universe at the Exposition grounds Sunday afternoon, April 18th. A chorus of 400 voices sang anthems of praise and thanksgiving and Cassassa's Band gave selections of like import. In all the pulpits of the United States clergymen gave praise that San Francisco has arisen and so recovered that she is able to entertain the world royally.

The Exposition attendance continues to hold up strong and our own people are availing themselves of every opportunity to study the exhibits from an educational standpoint. All of the city banks are recognizing the privilege and arranging to grant their employees time to visit the fair. This is being done by allowing two or more to go nearly every day and making the rounds as many times as possible.

SCRANTON.

BY JOHN W. LINEN.

Scranton Chapter has had the most successful year since its birth, eleven years ago.

Twenty of our members completed the educational course for this year. The class was under the able instruction of Attorney Walter L. Schanz, who is professor of the law classes in the Scranton Extension School of the University of Pennsylvania. With his experience in teaching and his broad knowledge of the subjects which we take up for study in the Chapter he is unusually qualified as an instructor of the Chapter's educational class, and we account ourselves fortunate indeed in having such a competent man for our friend and teacher.

Debating has had its place this year in our meetings, and it is hoped that next year the Chapter will receive even greater benefit from this study by having more of its members take part.

On April 9th Philadelphia Chapter, represented by

W. W. Allen and Edmund Williams, defeated Scranton Chapter in a debate at Scranton. The men who argued for Scranton were Leo A. Haggerty, John W. Linen and John Benfield. While Scranton suffered defeat, still we are not in the least discouraged, but rather announce ourselves as in the field to retrieve ourselves next year.

We are looking forward with very pleasant anticipation to our annual banquet, which will be held on May 28th. One of the great treats which we expect at that time is the privilege of listening to Hon. ex-President Taft, who will be one of several of our very good speakers for the evening. With such a program we feel sure that this will make a finale for the season which will be long remembered by all of us.

SEATTLE.

BY LESTER R. McCASH.

The annual election of officers of Seattle Chapter was held in the new clubrooms April 15 and the following men were elected: President, George E. Maine; Vice-President, James Valentine; Secretary, Crawford Morrill; Treasurer, Ross MacDonald; Board of Governors, H. A. Barton and E. J. Whitty; delegate to Washington State Bankers Association, C. J. Norman.

After the polls were closed President Hayes Wilson made a short talk, reviewing the work of the past year and thanking the members for the support they had given him.

N. H. Latimer, President of the Dexter Horton Na-

tional Bank, was then introduced and made an address of welcome on behalf of the Seattle Clearing House Association, and turned over to them the new clubrooms, furnished and rent donated by the Clearing House Association. The rooms are among the finest of their kind in the United States, and Mr. Latimer in his talk made it plain that the local Chapter would continue to receive the support of the Clearing House Association as long as it continued to do good work along the educational lines. In addition to donating the rent of the new rooms and furnishing them, the Clearing House also donated \$1,000 to carry on the work of the Chapter for this year. The boys have reason to be proud of this support and feel that it is a recognition of the good work they have been doing.

Speeches were made by all the new officers. Mr. Maine, the new President, gave an outline of some of his plans for the coming year, and many good things are in store for the members. The various committees will be appointed in the near future and the work commenced for probably the best season in the history of the Chapter.

Seattle Chapter presents for member of the Executive Council former National President R. H. MacMichael. He will go to San Francisco with the solid backing of the Seattle delegation. Mr. MacMichael's work for the good of the A. I. R. is too well known to require a detailed statement here. His record as National President speaks for itself.

SPOKANE.

BY J. C. ALSTON.

The annual banquet and election of officers of Spokane Chapter was held on April 21st. Those elected were: W. E. Tollenaar, President, Old National Bank; Joseph R. Brinkerhoff, Vice-President, Washington Trust Company; H. W. Sanders, Treasurer, Fidelity National Bank; Sidney E. Smith, Financial Secretary, Exchange National Bank; A. P. Hyslop, Recording Secretary, Spokane & Eastern Trust Company; J. C. Alston, Corresponding Secretary, Exchange National Bank. Members elected to the Executive Council are: W. E. Kelley and A. S. Blum, Union Trust & Savings Bank, and J. H. Tatsch, Old National Bank. B. A. Russell, of the Washington Trust Company, was elected delegate to the State Convention to be held in Seattle, and E. B. Hutcheck, of the Old National Bank, was elected delegate to the National Convention at San Francisco. Spokane Chapter has confidence in its newly elected officers, who are already planning great things for the future.

The Elizabethan room at the Davenport Hotel was the scene of the banquet. There were about 200 present and one and all voted it the most entertaining and successful banquet in the history of the Chapter. J. W. Bradley, Assistant Cashier of the Old National Bank, was toastmaster. In introducing him W. E. Kelley, retiring President of the Chapter, thanked the members for their support under his administration. His remarks were happy and gracefully delivered. Upon Mr. Bradley then fell the honored task of introducing the speakers of the evening, which he did with much credit to himself. We only wish we could quote the speeches in full, they were so packed with wit and wisdom. The



RALPE H. MACMICHAEL.

first speaker on the program was F. M. March, President of the Spokane Clearing House, who brought "Greetings from the Clearing House." W. J. Kommers, Vice-President of the Union Trust & Savings Bank, was to have spoken on "Co-operation Between the Executive and Administrative Forces of a Bank," but was unable to be present in person. Fortunately, however, Mr. Kommers had had his speech typewritten and it was read by Carl W. Art, of the Union Trust & Savings Bank. Francis A. Garrecht, United States District Attorney, spoke on the "Banker and Public Opinion," while the Rt. Rev. Herman Page, Bishop of Spokane, chose as his text the "Privilege of the Banking Profession," "The Joys and Sorrows of the Country Banker," by Ira W. Bedle, Cashier of the Washington Trust Company, then ended the official program.

Mention must be made of the musical selections rendered by the members of the Lewis and Clark High School quartet and by the Davenport Orchestra. They were excellent and added much to the enjoyment of the evening.

ST. LOUIS.

BY CHAS. A. SCHACHT.

Frederich Vierling, Vice-President and Trust Officer of the Mississippi Valley Trust Company, and one of the best authorities on banking in St. Louis, spoke to the Forum class on the Federal Reserve Act, April 12th. After Mr. Vierling's talk the class presented him with a silver-mounted umbrella. Frank A. Ball, acting as spokesman on this occasion, informed Mr. Vierling "that it was the intention of the class to keep him dry for all time." During the Forum meetings Mr. Vierling, acting as chairman, labored very diligently and the boys took this means of showing their gratitude, in a small way, for the services he so kindly rendered.

This class having just completed a systematic study of the different provisions of the Federal Reserve Act, Mr. Vierling's talk came as a fitting climax for the season's work. At the meetings held during the past season each member of the class was required to read a paper on some particular phase of the Act, after which an animated discussion by all hands took place. The members of this class have reason to be justly proud of the work accomplished and results obtained. The meetings have been extended for several weeks in order that the members might devote some time to a study of the new banking laws passed by the Missouri State Legislature recently.

The following gentlemen contributed to the success of the Forum class by papers read at the different meetings: Fred J. Miller, "The Form of Government"; Ralph Bugbee, "Refunding Operations"; Charles A. Schacht, "Branch Banking and Foreign Banks"; J. M. Turley, "The General Theory and History of Note Issue"; A. Wagenfuehr, "Note Issue Under the Act"; L. M. Carr, "Reserves"; J. E. Uhrig, "Discounts"; A. C. Riedell, "Foreign Acceptances"; J. A. McCarthy, "Open Market Operations"; H. A. Reutner read a paper on the Act itself.

Both of our other classes are doing well and are on the last lap of a well-spent year. With the time for examinations drawing near, all indications point to a considerable number of new certificate holders.

The Chapter is pleased to announce that J. J. Bruckshaw, Chapter man and former Paying Teller of the National Bank of Commerce, has been made Cashier of the Du Quoin State Bank, Du Quoin, Ill. We sincerely trust that Mr. Bruckshaw may be highly successful in his new and wider field.

Institute men, not only in St. Louis, but elsewhere, will be pleased to learn that Julius W. Meier, Paying Teller of the Franklin Bank, and one of the organizers of the Chapter here, has returned from Cuba and the Southland, after an absence of over two months, in a very improved physical condition. Mr. Meier attributes his cure to the fact that while in Florida he drank of the waters of Ponce De Leon's sparkling fountain of youth.

ST. PAUL.

BY W. J. STUTZMAN.

One hundred and fifty members of the St. Paul Chapter, including a good many bank officers, attended our annual banquet and election of officers held at the "Emporium" April 21, 1915.

Ernest Bjorklund acted as toastmaster and, after reviewing the work accomplished the past year, introduced the speaker of the evening, John W. Gorby, President of the Chicago Chapter.

Mr. Gorby spoke about the Chicago Chapter endowment; how it was brought about and the benefits that would accrue to both the banks and the bank men. The plan is a good one and took well with the St. Paul Chapter, which will try and work out a similar one in the near future. If we had a "Gorby" among us its success would be assured. We wish John W. would move to St. Paul.

Our toastmaster then presented H. B. Humason, Cashier of the American National Bank, who in a well-delivered address pointed out the many opportunities of the bank clerk and urged him to increase his efficiency through Institute study.

Musical entertainment by the Reddy family and stump speeches by the candidates enlivened the evening.

The final count places the responsibility of guiding the affairs of the Chapter in the following: Ernest Bjorklund, President; W. J. Stutzman, Vice-President; A. Turnquist, Secretary; N. P. Delander, Treasurer; A. R. Larson and H. C. Schulze, Executive Board.

C. T. Dedon, K. Vars, H. Olson and Carl Thiers will attend the convention.

TOLEDO.

BY JOHN H. STREICHER.

Toledo Chapter is one of the most active and progressive organizations in the country, as was evidenced by their 100 per cent. attendance at two lectures delivered by Robert J. McIntosh, Certified Public Accountant of Toledo, O., on February 5th and 12th. The subjects of these talks were: First, "Open Entries and the Order of Arrangement of Accounts for Manufacturing and Mercantile Enterprises"; second, "The Preparation of the Financial Statement."

Mr. McIntosh, who presented these topics in an unusually plain and understandable manner, is the author of a reference book of accounts for manufactur-

ing and mercantile companies and a course in accounting which treats in a practicable manner the things which the business man and bookkeeper should know relating to accounts, the work treating on (1) The Order of Arrangement of Accounts for Manufacturing and Mercantile Companies; (2) Principles of Cost Accounting; (3) Opening Entries for Organizing Companies; (4) Financial Statements and Closing Entries; (5) Accounting Forms for Manufacturing and Mercantile Companies.

On February 22d Toledo Chapter was entertained by the Burroughs Adding Machine Company. The members chartered a special car and arrived in Detroit at 11.30 a. m. They went immediately to the Burroughs factory, where they enjoyed a very elaborate banquet and listened to some very important facts about the making of one of the most essential complements of a bank. After the banquet the members meandered throughout the plant and all parts of the machines were fully and explicitly explained by very competent guides. Toward evening the boys went uptown and there viewed the city of Detroit from all aspects. At 9.30 they boarded their chartered car for their home city after a most enjoyable and instructive day.

UTICA.

BY FRANCIS P. MCGINTY.

The banquet of Utica Chapter marked another milestone in its history. Hugh T. Owens served most acceptably as toastmaster and introduced the subsequent speakers in his inimitable style. First of all, Mr. Owen called upon D. Miles Williams to accept a \$10 gold piece that he had won in a recent prize essay contest. With fitting phrase the successful contestant expressed his thanks.

Grover C. Clark, the new President of Utica Chapter, then addressed the gathering. He announced that Hon. Thomas R. Proctor had offered a prize loving cup to be given the winner of a debate between the Syracuse and Utica Chapters. Rules and regulations of this event will be announced. Mr. Owen paid a strong tribute to the directors and others who have made the Chapter's Winter meetings so successful. He emphasized the importance of getting the younger bank clerks at the gatherings next season. Hearty applause followed the remarks of the speaker.

"The Rally" was sung in an effective manner at this point in the program by the double quartet, consisting of the following: Harry R. Gosling, leader; David Jones, William Williams, George Berg, G. A. Niles, Harold Jones, Hugh T. Owen and Thomas Ryan. J. H. Rolling is pianist. For an encore they responded with "Four Jolly Smiths," and did justice to the selection.

Assistant District Attorney William Ross Lee said upon being introduced that he was under an injunction by Charles J. Lamb, of the Utica Trust & Deposit Company, to avoid anything serious. That was why he spoke on "A Little Nonsense." Several ripping good stories were related by Mr. Lee in maintaining this attitude. Quips were tossed among the local bankers for their peculiarities or assets, as the case happened. Then the District Attorney seized a serious straw and gave a remarkable eulogy of Abraham Lincoln, who was assassinated just fifty years ago. How the backwoods

boy grew up among almost hopeless surroundings and finally was selected as chief executive of the United States was graphically pictured by the speaker. Then another aspect was shown—that of Lincoln standing on the threshold of ruin and despair because of the Civil War. Mr. Lee said two traits asserted themselves with the martyr President—his almost Job-like patience and his inflexibility of purpose. In closing Mr. Lee said: "For a long time he was obscured in the mists of misunderstanding, but to-day he stands the humblest, noblest and purest leader this world has ever seen."

When the long wave of applause had subsided, the double quartet lifted up their voices in "The Winter Song," a delightful word picture. They responded with a humorous selection as an encore.

Hon. Frederick Davenport then gave "Some Reflections Upon Business From a Trip Through the West." Lessons acquired from a recent trip to the Pacific Coast were given in an interesting manner. "If there is anything that America does lack in our public life, it is efficiency," said the former Senator. "Business men ever are needed in the financial side of our public life. If popular government breaks down in America I believe it will be at the point of wasteful expenditure."

WHEELING.

BY WILLIAM W. ENGLAND.

Although the attendance has not been what it should be our study class has been progressing nicely.

The first game of ball of the Bankers League of Wheeling Chapter was played on Tuesday, April 20th. and was between the State banks and the National banks, the State bankers winning. It is the intention of the Baseball Committee to have three teams representing the three different kinds of banks, the State, National and Trust Companies.

On account of the business conditions in the vicinity, Wheeling Chapter has found that it would not have been advisable to publish its monthly magazine, "Bank Balances," for the last four months, but hope in the near future to continue the publication.

DENVER.

BY MARSDON E. WESTON.

Local Institute men feel gratified over the outcome of the "Short Check" bill which was passed by the Legislature just adjourned and has been signed by Governor Carlson. This bill was fostered by the State Bank Section of the Colorado Bankers Association and Denver Chapter of the A. I. B. jointly. This Chapter was represented by a committee composed of George T. Wells, Chairman; George H. King, Edward J. Schilling and W. O. Bird. Much credit is due these gentlemen, whose activity was a large factor in the success of the bill. The bill has the effect of transferring the burden of proof from the holder of the short check to the maker. However, it affords protection to the legitimate business man who may overdraw his account but whose credit and financial worth is sufficient to insure payment. The new bill will undoubtedly result in great benefit to bankers and business men generally.

The annual adding machine contest held the usual interest of our young men this year, and some remark-

able records were made. Two contests were held, both on the Burroughs machine, one a listing contest and the other contest was on the ledger posting machine. J. E. Hanley, of the Denver National Bank, listed 250 checks in 3.38 3-5. First prize in the ledger posting contest was won by L. B. May, of the First National Bank. The following prizes were given for each contest: \$15 first prize, \$10 second prize, \$5 third prize, all of which were furnished by the Burroughs Adding Machine Company and presented by H. E. Wilde, sales manager of the company.

The annual debate, which was held April 21st, was the occasion for winding up a very successful course in Forum work in which 12 advanced students of the Chapter were enrolled. The subject of the debate was "Resolved, That the New York and other Stock Exchanges should be regulated by Federal statutes." The affirmative team were A. E. Ferguson, First National Bank, Englewood, Col.; H. M. Jackson, German-American Trust Company, and Charles R. Patch, German-American Trust Company. The negative were William O. Bird, Colorado National Bank; Sever Daley, Pioneer State Bank, and H. N. Patten, of the First National Bank, Englewood, Col. All these men were members of the Forum class which was conducted through the Winter months by Prof. G. A. Warfield, of the University of Denver. The following well-known citizens of Denver acted as judges: Senator Charles B. Hamilton, Attorney Halsted Ritter and Samuel A. Lough, Professor of Philosophy and Ethics of the University of Denver. The decision was rendered two to one in favor of the negative team.

The Forum class had an enrollment of 12 men, and the splendid appearance of every speaker in this debate was convincing proof of the great value of this Forum work to our members.

The Law class has also done excellent work under Attorney A. H. Wood this year. Twenty men have just passed the final examination in commercial law.

The young men of Denver who are taking this educational work are the cream of the banking forces. They are men of character and ambition, else they would not be making these sacrifices for knowledge, and these are the qualifications which will put them in the front ranks of the banking fraternity and carry them over the heads of the great numbers whose laziness holds them in a rut and who sacrifice their ambition upon the altar of passing pleasure. It is inspiring indeed to review the vigorous and industrious activities of the young men of our Chapter who will, without a doubt, be the bankers of this City and State in the future, perhaps not far distant.

The English course will probably be completed in about another month. This course has been very thorough and rather advanced, and has emphasized the importance of grading our educational work in all departments, thus accommodating the less advanced students.

"Bank Notes," issued monthly by Denver Chapter, is rapidly gaining in popularity, as it reflects the conditions and sentiment which exist in banking circles. Editor C. B. Means and Business Manager Chester A. Parker deserve great credit for the success they have made of it. Mr. Parker, we are told, has made it a success financially, and the observations and accurate

statements of Denver Platt, of the First National Bank, on "The Business Situation" have been an important item in the success of the paper.

The entire membership of Denver Chapter is delighted over the well-earned promotion of Campbell Garver to the position of Cashier of the Federal National Bank of this city. Mr. Garver has made good through his sticktoitiveness and his earnest, accommodating personality. He was Secretary of this Chapter several years ago, and we all wish him continued success. Allen F. Ayers is the new President of the Federal National, having succeeded W. T. Ravenscroft, who recently became Vice-President of the St. Louis Union Bank.

As the hard work of the Chapter year draws to a close, thoughts turn to the social festivities and the annual banquet is now the subject of much planning and pleasurable anticipation. The banquet committee is composed of George A. Brown, A. E. Ferguson, W. H. Martin, A. Kuensemueller and Stanley M. Wright. The speaking program has not been completed, but the committee has thus far secured Governor Geo. A. Carlson and Jerome Thralls, Cashier of the Federal Reserve Bank of District No. 10. The banquet will be held June 9th, and from all appearances will be the biggest and most successful banquet we have ever held.

THE A. I. B. IN COUNTRY BANKS.

When president of the American Bankers' Association the late Charles H. Huttig said: "I am pleased to see that the Institute Section through its Correspondence Chapter is extending its educational work outside of City Chapter classes. Young bankers in the country are as ambitious as anybody else to improve their professional knowledge and efficiency, and since the utility of correspondence instruction has been demonstrated by leading universities, I see no reason why the Correspondence Chapter, furnishing as it does the same facilities as are furnished to study classes in cities, should not have a membership of thousands instead of hundreds. Possibly the low price of \$10 at which each of the two parts of the study course is supplied to members of the American Bankers Association may in the minds of some persons reflect upon the character of the work. You might therefore explain that such nominal tuition fees are made possible only by the fact that the Association has deemed it wise to assist the Institute financially."

THE FRIENDLY CONFIDENCE MAN.

It isn't safe to judge strangers by their friendliness. An amiable manner is a confidence man's best asset.—"Albany Journal."

FARMERS GOING TO CANADA.

That the migration of American farmers to Canada this Spring is being continued at a rate fully equal to that of last year is a statement made recently by J. Bruce Walker, Commissioner of Immigration at Winnipeg. They are also said to be well supplied with money and effects.

Foreign Trade in Relation to Domestic Prosperity

Dr. Edward Ewing Pratt, Chief of the Bureau of Foreign and Domestic Commerce of the Department of Commerce—Address Before Baltimore Chapter of the American Institute of Banking.

The outbreak of the European war has brought to the attention of the people interested, and particularly to the attention of the business world, the importance of our foreign trade. The people in general, and business men in particular, and even bankers, it is to be regretted, have no very clear idea of just how this foreign trade which has just become so prominent affects the "warp and woof" of our domestic affairs—industrial, commercial and financial.

The term "foreign trade" is more or less vague and indefinite to the majority of people who use it. Balance of trade, debtor nation, sterling exchange, foreign loans, conventional tariffs, most favored nation, etc., are phrases which are batted back and forth as our publicists toy with the subject of foreign trade.

Inasmuch as the great European war is responsible for this interest in foreign trade, let us consider for a moment exactly what happened at the beginning of August of last year. In a word, the credit machinery of the world was wrecked. The important features of the situation from the point of view of the United States may be summed up under the following heads:

1. The immediate and serious rise in the New York rate of sterling exchange.
2. Large exports of gold from the United States.
3. Practical cessation of imports and exports.
4. The issuance of emergency currency.
5. The closing of New York stock exchange and the stock exchanges in other countries.
6. The declarations of moratoria in the principal countries of the world.

With the first definite intimation that war had broken out in Europe, the bourses and stock exchanges of the principal countries of the world were closed. This occurred on July 31. The stock exchanges were closed in order to prevent a wholesale dumping of securities which would have brought about tremendous reductions in market values. The conditions at the outbreak of any war approximate panic conditions, and people in general are anxious to convert their securities into ready cash. It is during such a panic period that large amounts of hard money are put away in stockings and safety vaults. A stock exchange, however, is only a convenient market where securities may be bought and sold. With the stock exchange closed it becomes difficult for private individuals to find a market for their securities, and they are practically forced to hold them. This was the result obtained by the closing of the New York Stock Exchange, and it was in order to prevent a great depression in the values of securities that the stock exchange of New York, even after it had reopened, placed a fixed minimum on

the prices of securities, a provision which was only recently removed. The thing which was especially feared and which we had good reason to fear at the beginning of the European war was that the large amount of American securities held abroad would be suddenly dumped upon the New York market, and this result would quite likely have happened if the stock exchange had remained open and doing business. As a matter of fact, the preliminary period of panic was bridged by the closing of the stock exchange, and the result is that there was no wholesale dumping of our securities held abroad and those that have been sold in our market have been taken up gradually and have not seriously affected the movements in prices of securities. The breakdown of the exchanges and the temporary interruption of sea transport greatly destroyed both national and international trade. To guard themselves against the unexpected, depositors withdrew great sums of money from bankers, and had it not been for the existence of the Emergency Currency Act, which gave the American Government power to issue \$500,000,000 of notes, a banking crisis of unexampled proportions must have resulted. As it was, the issue of \$384,000,000 of notes under the Aldrich-Vreeland Law and the creation of \$212,000,000 of bankers' clearing house certificates saved the situation and enabled bankers to meet the great demand made upon them for currency without needing to call in loans from their customers.

It will be recollected that the difficulties of transport and the breakdown of the exchanges abroad brought about an immense contraction in exports just when the country needed an unusually large amount of exchange to provide for the foreign expenditures of its tourists for interest obligations to foreign countries, gifts to friends and for loan maturities. You will further recollect that in August the exports of the United States were only \$110,000,000, that the imports were about \$130,000,000, and that with great payments to make abroad the imports actually exceeded the exports by about \$20,000,000. Fortunately the bankers of the United States did not lose their nerve. They endeavored, to the best of their ability, to meet their obligations to foreign countries by shipments of gold, and they rendered their customers all possible assistance. Nevertheless the demand for exchange was so great that the dollar fell to a substantial discount for many weeks. No greater contrast to this situation could be afforded than the one now existing. Confidence in the United States has been completely restored; almost the whole of the emergency currency notes have been redeemed, and the exports from the country are greater than they have ever been.

The declarations of moratoria in the principal countries of the world were emergency measures taken to prevent panic conditions. Payments between foreign countries largely ceased as the result of the declarations of war in Europe and it, therefore, became practically and physically impossible for debtors in one country to pay creditors residing in another country. It also enabled those who had contracted considerable debts to

bridge over the panic period that resulted when moratoria were declared in the principal countries of the world.

England, France, Germany, Greece, South Africa, Nicaragua, Argentina, Bolivia, Brazil, Chile, Paraguay, Peru, Uruguay, Venezuela, Salvador, Austria, Belgium, Bulgaria, China, Denmark, Egypt, Austria-Hungary, Norway, Portugal, Turkey, Russia, Spain, Sweden, Switzerland, Roumania, New Zealand and Italy declared moratoria, and in Denmark, Bulgaria, France, Greece, Paraguay, Peru, Uruguay, Portugal, Hungary, Austria, Salvador and Sweden moratoria still exist, although in many cases it has been found of late to be unnecessary and therefore inoperative. No official advice has been received that moratoria have terminated in Belgium, China, Spain and Switzerland.

The outbreak of the war completely shattered the well-established lines of communication. It effectively cut off two European countries from communication with a large part of the rest of the world and it made traveling by sea dangerous. Over and above this it was computed that Germany and Austria-Hungary owed London, when the war broke out, about 80,000,000 pounds sterling which London had no means of collecting. Therefore the bill accepters of London found their business brought to a standstill, because they could not collect the money due to them which they had counted upon to carry on their regular business. What happened in the case of London happened to a similar extent in other countries. Everywhere it was found impossible to collect debts. The London bill accepters, unable to get in the moneys due to them, were afraid to accept as freely as formerly. In addition, there were such things as the scarcity of freight, the dangers of sea travel, etc., all of which paralyzed trade for a while and had an extraordinary influence upon the exchanges.

But, you inquire, why should this disturbance so seriously affect us? We export but five per cent. of our total products. As a matter of fact, however, this very small proportion is of considerable importance, because the losses involved in the cessation or in the anticipated cessation of that trade involve not only the manufacturers or merchants who are actually selling the goods, but also the manufacturers of the products from which the principal articles are made, the manufacturers of the machinery by which these articles are manufactured, and before them the producers of the raw material, the producers of fuel, and the effects are felt all the way along the line from the producer of the raw material to the marketer of the most highly finished article.

Perhaps the effect of the European war can be more clearly analyzed by citing as examples the countries of Latin America. All of the Latin-American countries are producers of staple raw materials. They buy the manufactured products of other nations with the proceeds of the sales of their raw material. The European countries which are now at war took a large proportion of these products, but upon the outbreak of war they were unable to do so, and consequently the Latin-American countries had to hold their products unsold or sell them at a great sacrifice to countries which were still able to purchase.

Each of these Latin-American countries is dependent upon one or two staple raw materials. For example, Bolivia produces tin and practically only tin; Peru pro-

duces copper, coffee and sugar; Chile produces nitrates; Ecuador produces cocoa; Brazil produces coffee and rubber; Argentina produces cereals, hides and meat; Salvador produces coffee; Guatemala produces coffee. All of these are staple raw materials, but the markets for each of them, when considered from the point of view of the world's markets, are limited.

Each of these countries suddenly found her markets cut off, and inasmuch as each of them used the credits built up usually in London to pay for importations and also to meet all current indebtedness, these countries found themselves practically bankrupt. They were exactly in the same position as the manufacturer who has manufactured a stock of goods which has a certain intrinsic value, but which is for the moment unsalable. If he fails to raise money on his stock he is bankrupt, and it is impossible for him to meet maturing obligations or to purchase raw materials for another year's production, and until the manufacturer has sold his annual output it is impossible for him to finance another year's operations. And so with the countries of Latin America, they found themselves at the moment practically bankrupt. They were unable to sell their products, and hence they were unable to pay each other or to pay for imported articles of which they were in need.

The most serious part of the situation as far as we were concerned was the condition of our cotton-growing States. The Southern States were in exactly the same position at the outbreak of the war as were the countries of Latin America. The Southern States are producers of a staple raw product—cotton—and their prosperity depends upon their ability to produce and to sell cotton. In times past Europe has taken a very large proportion of the cotton crop of the United States.

The war occurred just at the moment when the cotton crop of the United States was being harvested and just at the moment when the large exportations of cotton were about to begin. Cotton prices, just before the war broke out, were satisfactory. Almost immediately at the outbreak of the war they declined to a point where the sale of every bale of cotton meant an actual loss to the producer.

Gradually cotton prices have advanced until of this year's crop there has now been exported \$235,997,854, which, though not up to the amount exported last year, is a very creditable showing when the war conditions are taken into account, and the prices now obtaining for cotton ought to be very gratifying to the cotton producers of the United States.

Another factor which added to our distress at the beginning of the war was that our foreign trade was largely with Europe—and Europe was the storm center. When the markets there practically ceased to exist it meant that our entire foreign trade was crippled.

Had our trade been more distributed, had we done a larger direct business with South America, with Asia, Africa and with Australia, we would not have been so largely affected by the outbreak of the war, but inasmuch as most of our foreign trade was with Europe, and in view of the fact that practically all of the credit and financial operations had to be carried on through London, the failure of the London financial market meant practically the failure of our foreign trade.

For a number of reasons London had become the

financial center of the world—the clearing house of the world in its foreign trade operations. One of the most important features in London's growth as a financial center has been the large amount of capital which has always been at the command of London bankers for loan in foreign markets. Another factor has been the activity of the large England acceptance houses. London always furnishes a ready market for discounting South American bills, and it is not strange that the sight draft on London has been the accepted method of settling obligations arising out of international trade. The bank acceptance is a financial institution, and until recently almost unknown in this country. The services performed by the London bill are not overestimated by a writer in the "London Economist" printed just prior to the war, which reads: "The bill on London is the currency of the world. It is the only currency of the world. It represents gold, but it is better than gold, and it is preferred to gold because it is transferable with greater rapidity, with greater certainty and with infinitely less risk than gold. It has, therefore, become the universal world currency, which, and which alone, the producer and handler of all nations accept as wholly satisfactory and sufficient. There is nothing like it elsewhere; no such function is performed by a bill on Paris, on Berlin or on New York."

Added to these difficulties was the lack of a merchant marine. These facts, therefore, are clear:

1. That we were dependent upon Europe, and particularly upon London, as our financial clearing house.
2. That we were dependent upon Europe to buy most of our manufactured and raw exports.
3. That we were dependent upon Europe to take and manufacture a large and predominating portion of our cotton production.
4. That we were dependent upon Europe to actually carry and transport our export trade.

Let us analyze now some of the principal features of our foreign trade which seriously affect our domestic situation. Perhaps the most important of these is the so-called "balance of trade." This so-called balance of trade has been very seriously misinterpreted and has been said to mean all sorts of things which it did not mean and which it could never mean. For years the United States has enjoyed what many people thought was a favorable balance of trade. At any rate, the exports of the United States have for years exceeded the imports, but this balance, which has been apparently in our favor, has not been really in our favor.

These facts are of more real importance in determining the prosperity of the United States than you might at first imagine. Statistics indicate that the United States has, since the war began, for the first time in its history, experienced a sense of a real balance of trade in our favor. During the last eight months, therefore, we have attained a favorable balance of trade, and this is shown not only by the figures which I have cited, which are largely estimated and therefore theoretical, but also in other ways:

1. By the low rate of sterling exchange in the New York market.
2. By the large imports of gold which have been used to settle the balance.

3. By the actual development of export capitalism and the financing of foreign loans in the New York market.

I.

The most notable development of the past few weeks in financial affairs was the decline of London exchange in New York to the lowest point ever known, \$4.79 to the pound sterling. The number of grains of gold in the sovereign, or pound sterling, makes it equivalent in value to \$4.8665 in the gold coinage of the United States. English coin, full weight, theoretically, can be shipped to New York, deposited at the New York Assay Office and that rate realized; hence under normal conditions when the pound sterling is rated lower than about \$4.84¼, which allows for ordinary shipping costs, gold will begin to move from London to New York.

The real meaning of this low rate of sterling exchange in New York is simply that there are more Britishers owing Americans than there are Americans owing Britishers. The net result is that London owes New York. The exchange rates are the proof of that fact.

The low rate of sterling exchange in New York is not, however, altogether desirable, because an exchange rate on London of \$4.80 or thereabouts means that the pound sterling does not go as far as usual in settling dollar debts. The English buyer of cotton or wheat in all markets must give more sterling to make up a given sum in dollars. The situation is, therefore, entirely reversed from what it was immediately after the war broke out, and until late in the fall when the balance of payments was against us and dollars were underrated. The present situation is one which we can view, naturally, with comparative equanimity; but next to a business man's anxiety about how to pay his own debts comes the anxiety about how other people are to pay him and continue to buy of him. The low rate for the pound sterling makes our commodities cost more to English buyers, and to all buyers who must make payment from London, without any compensating advantage to us. It is equivalent to a tax on our commerce and amounts to an obstruction to us and our customers. It is not a very large percentage yet—about one cent on a dollar—but with trade balances piling up as they have been in the last three months it will be larger, unless some means are found to effect settlements.

How large will this credit become? This is a question which we cannot answer at the moment. The course of trade is now heavily in favor of the United States. In August last there was a balance against us of \$19,400,396. Since then there have been monthly balances in our favor as follows: September, \$16,341,722; October, \$56,630,650; November, \$79,411,271; December, \$130,976,013; January, \$145,730,996; February, \$174,682,478; March (estimated), \$157,000,000. The facts already given indicate that the monthly sums which the American people needed to send abroad for entries and for other purposes are not much more than \$40,000,000. Hence, in January America sold goods to the extent of over \$100,000,000 in excess of the amount she needed to sell in order to pay for her imports to meet her foreign obligations, and she was thus in a position to purchase over \$100,000,000 worth of foreign securities. Inasmuch as the amount of gold imported into the coun-

try in January was comparatively insignificant, it is evident that the United States invested this large sum of money either in international bills or securities or to the account of American bankers in foreign countries. Were the trade balance of January maintained throughout the year it would be evident that the United States would invest abroad in the current year not far from \$1,200,000,000. Whether or not the United States will have as much money as this to invest abroad in 1915 cannot, of course, yet be determined, as the amount depends upon many factors, the influence of which cannot be predicted. Were existing conditions to continue we confidently expect the United States to invest in the current year millions of dollars in securities of other countries, or in her own securities now held in Europe. Indeed, making a very conservative estimate, it is evident that the amount of money which the United States will invest abroad this year will be very large.

During the first few months following the declaration of war considerable amounts of gold were exported from the United States. In October the exports of gold exceeded the imports of gold by over \$44,000,000. In December the tide turned and the imports of gold exceeded the exports, and during the last month the excess of imports over exports of gold was almost \$11,672,613. This is only another evidence of the fact that the gold is being imported to meet the large trade balances which have been piled up in our favor. It may not be an entirely desirable thing to have a large quantity of gold coming into this country, especially when so large an amount of gold has been set free for current use by the provisions of the Federal Reserve Act, but these importations do indicate the fact that we are piling up a continued trade balance in our favor.

II.

Without doubt the most important factor in foreign trade affecting domestic prosperity is the position which the United States is assuming as a creditor nation.

The bugaboo of our being a debtor nation is no longer a bugaboo, because, while we are still indebted to foreign countries, we have started to pay off our indebtedness and are thus becoming for the first time a creditor nation. Personally I have not been very much impressed by the statements of those who say that because we are a debtor nation, or because large amounts of American securities are held by foreign countries, we should not attempt to go after foreign business on a large scale and to make investments in foreign countries and to invest in foreign securities. Because, after all, every banker knows that the average business concern does business on borrowed capital, and there is no reason why if we can use foreign capital in developing the resources of the United States we should not do so and use our own capital, if necessary, for the development of foreign countries which will become markets for our own manufactured products.

These large trade balances or credit balances which are being piled up abroad by the United States would naturally be liquidated through the financial clearing house of the world, namely, London. They are not, of course, balances which must be paid by Great Britain. They are the natural balances in our trade with the world. They have been settled for the most part through London as the clearing and banking center, and it was in

this same sense that the United States owed so much to London last fall. At this time, even more than in ordinary times, it is necessary that payments shall be made by offsets and through a clearing center, and the disorganized state of the money exchanges is causing a great falling off in the world's trade. To what extent we shall be able to settle with other countries directly and by developing New York as a clearing center remains to be seen. A high exchange rate for dollars through London will promote such development, but the growth of New York as a clearing and banking center will depend upon its ability to render precisely the services that are called for at this time; that is to say, finance the exchanges by lending capital wherever it is needed to keep trade going. The trade balances that are indicated certainly cannot be collected in gold and apparently cannot be collected in goods, even if we wanted payment in either of these ways. There is only one way in which payments can be made, and that is in securities. The practical question and the only question for consideration therefore is as to what securities shall be accepted.

With the issue of foreign securities in London prohibited and with the French and German markets practically closed to the issue of international securities New York has the whole field of international finance at her feet. This is not the time to discuss the question of whether or not New York will be able to maintain after the war the great position it will hold as an international money market during the war. It is sufficient to know the undoubted fact that New York is rapidly becoming a great international money market in which capital can be obtained by everyone having adequate security to offer and willing to pay a reasonable rate of interest. In consequence of this investment of capital abroad and of the great purchases of goods by the belligerent States the United States are exporting an enormous quantity of goods in excess of the amount they are purchasing. Since November the amount of foreign securities placed in the United States has reached nearly \$200,000,000.

In the shifting of securities that is bound to take place from the English holdings of Argentine and Canadian issues they may be transferred to this country if a market for them can be found here. Their purchase, instead of new issues of British war bonds, would avoid all of the criticism that might be directed against the purchase of the latter as an unneutral act. Moreover, it would bring us into more intimate relations with these growing countries and have a tendency to help our own trade with them. Hartley Withers, a well-known English writer upon finance, and recently appointed as a special deputy in the English treasury, has stated that New York has had the chance of a lifetime and missed it, referring to the opportunity for establishing London's place in financing the new countries. The opportunity to finance these countries has by no means passed, but the extent to which it may be improved depends upon the willingness of the American public to make these outside investments and give attention to the operation of enterprises in these countries. Bankers can negotiate the loans, but they will not be able to carry the policy far unless the buying power of the public is behind them.

The secure position in which we seem to be established as a creditor nation on current account is the

most important factor in the home situation. As already indicated, we have reached the situation where, instead of being concerned lest our securities may be returned too fast, we are beginning to be concerned because they do not come fast enough to keep the exchanges in normal condition. The short foreign loans that are being made here are the same as gold in the reserves as protection against any foreign liquidation of our securities that may develop as the work progresses. The credits of this class that have been given in no sense represent the capital withheld from home use, for if they were not taken it would be necessary that reserves in this country should be correspondingly stronger. They are an outer line of defense which must be passed before a foreign demand can reach our store of gold, and, considering the surplus reserves of the National Banks and the reserves and note-issuing power of the Federal Reserve Banks, the situation is now so strong that an enforced contraction of credit seems to be beyond the possibility. This assurance is a great boon to the business community.

One of the undoubted results of the present financial situation will be the increased use of dollar exchange. Ever since the war began the dollar has become more and more important as a medium of exchange between foreign countries, and the use of foreign exchange bills drawn in dollars and drawn on New York has become much more stable than those drawn in any other currency and on any other financial center. If New York and the United States behind her can become a great financial clearing house and great financial market in which foreign countries can place loans and sell securities there is no doubt but that the dollar will become an increasingly important factor in international trade.

One of the most important elements which will go far toward making New York and the United States the financial center of the world is the development of a branch bank system. Prior to the passage of the Federal Reserve Act of 1913 the national banking institutions were not permitted to extend their activities to foreign countries. The Federal Reserve Act, however, has made it possible to establish branches of American banks in foreign countries and to place back of the branches the prestige, influence and resources of the home bank. One National Bank has already established three foreign branches and contemplates the establishment of other branches in the near future. Other banks in this country have established very close relations with the banking institutions of other countries and still other banks are carefully scrutinizing the field and considering the possibility of establishing branch banks and closer relations with the banks of foreign countries.

The development of the dollar exchange will of necessity be a slow process. London has been the money market of the world for centuries and the English pound sterling has been the common denominator of value in all commercial transactions for so many years that it will take time to persuade the South American or the Chinaman or the South Sea Islander to substitute the dollar for the pound in his financial transactions. Business interests of the United States must help in this movement and, wherever possible, must insist that the payment for foreign invoices be made in dollars on New York rather than pounds sterling on London. New York cannot hope to become a financial city of world-wide im-

portance until the dollar becomes known and its value respected in the markets of the world.

A provision of the Federal Reserve Act of the greatest value to commercial interests is that which permits National Banks to accept six months bills drawn against actual shipments of merchandise in foreign countries and which provides that these bills when within ninety days of maturity may be rediscounted with the Federal Reserve Banks. It must not be supposed, however, that the branch banks which are to be established by American banks can confine themselves solely to the foreign exchange business. They must reach out and do a business which is far beyond that of the ordinary foreign exchange department of the National Bank. The business of a branch bank which will really mean something in the development of American trade abroad must include not only the functions of foreign exchange and the collection of drafts, the accepting of drafts on account of the customers and open market operations in foreign exchange, but must go in for, to a considerable extent, local loans and discounts and must take part in underwriting securities and other business commonly handled in this country by trust companies and must occasionally render services in marketing products. In other words, the branch bank must be the outpost of American finance.

It is said that trade follows the flag, but it is more truly said that trade follows the investment or the loan. We Americans cannot expect to get foreign trade on any very large scale unless we are willing to loan the money with which to pay for the goods which are purchased from us. This seems like an anomalous statement, but as a matter of fact every country on the face of the globe which is doing a considerable foreign business is financing that business. If we expect to sell the materials for a new railroad in Brazil we must loan the money to Brazil with which to build that railroad and then take our own money in return for our goods. In this way, and in this way only, can we build up a foreign trade on a large scale.

In the development of our foreign trade the bankers of the United States have at least two perfectly definite and clear-cut obligations. The first of these is to popularize issues of foreign securities, and I use the term "popularize" advisedly, and by this I mean that the investing public should learn to apply to the issues of foreign securities the mere principles of investment which are used in discriminating between the different domestic issues. To-day foreign securities are shunned, not for the lack of intrinsic value, but because of the ignorance of their value. The investing public of the United States prefers to embark on wildcat schemes here in the United States rather than to accept foreign securities of undoubted stability. It is the function of the banker, who has in recent years become the father confessor of the investing public of the United States, to inform himself regarding the merits and demerits of foreign securities and then to pass on this information to the investors whom he may have among his clientele.

It is undoubtedly the duty of every American citizen to save his money, to invest it in ways which will be of benefit not only to himself, but also for the increased prosperity of his country, and upon the bankers of this country rests the responsibility of advising the

investing public exactly how their savings may be invested to bring about the greatest value to the United States.

The second function of the bankers of this country is to help the business community to carry on foreign trade by furnishing the necessary facilities. We have no hesitation in saying that this the bankers of the United States are unprepared to do. Most of them are lamentably ignorant of international banking. I do not refer merely to international exchange, but the bigger features of banking. It is the obligation of the bankers of this generation, as I have indicated, to urge the establishment of dollar exchange, to establish connections with foreign banking houses, to establish branch banks in foreign countries and, in short, to provide for the manufacturers of this country a system of American international banking.

There is a difficulty and a problem which the bankers of this country have to meet which is more deep-seated and will take more attention than we have been willing to give it before, and that problem is summed up in the question, "Where can we get trained bankers to carry on the branches of American banks abroad?"

Frankly speaking, they are not to be found. In a conversation recently with a man who is in charge of a considerable foreign banking business he made the statement that his organization was willing to establish branches just as fast as men could be obtained to take charge of them, but he pointed out that he could not only not find men who know foreign languages and who know international banking, but that he could not find men who are well qualified in the field of domestic banking. The training of men to carry on the banking of this country in foreign fields is an obligation which rests not only on the banking profession as a whole, but on every individual bank, and the opportunity of success in banking to every man engaged in that field rests upon the foundation of his technical and practical knowledge.

The banking interests of this country face, as I already indicated, an unparalleled opportunity. It has come upon them with extraordinary suddenness; it has found them unprepared; but I believe that American bankers will rise to the opportunity which confronts them and will extend American banking into foreign fields and will thus enable our manufacturers and exporters to increase their business in the markets of the world.



INVESTMENT AND SPECULATION

By Edward A. Sisson, of the Central Trust and Safe Deposit Co., of Cincinnati—
Synopsis of a Talk to Cincinnati Chapter of the American Institute of Banking.

There is a great difference between investment and speculation. A large part of our population consider what is really a speculation as an investment, and as a result lose their savings. The amount of money lost each year in this country alone by persons staking large sums of money in practically worthless so-called securities is appalling. Generally speaking, the kind of people most often hurt by this loss are those who can least afford it. One cannot be too careful in choosing one's investments. There are several ways of investing—one is to put your money entirely in one form of stock or bond; another is to diversify your holdings by buying smaller quantities of securities in many localities, and many companies; still another is to put your money almost entirely in life insurance, savings banks, building associations or the like. In my opinion it is far better to spread your investments over many varieties of stocks, bonds and the like, always using careful judgment and good advice in what you acquire. Most of us do not save as we should. In this connection, I think every household should have a budget. So much of the income should be laid aside each month or each week for necessities of life, so much for recreation, so much for taxes, interest, etc., and always an amount for savings, for it is the duty of each man to protect his wife or family in case of need, and continual savings of this sort eventually form his estate. I have never advised the same sort of security for estates of widows with small capital, for instance, as for large trustee estates

with immense capital to invest. In the one instance it is necessary to have security furnishing at one and the same time, good income and opportunity to dispose of small portions of the capital from time to time to keep the widow comfortably, and in the other instance it is only necessary to have a fair return of steady income, with practically no thought of releasing any of the principal. A good municipal bond is almost always a good investment, also it is always available for prompt borrowing power, more so than real estate, stocks of various corporations, etc. Small income-bearing Government bonds are good investments sometimes and in some cases; ordinarily I think these should be left for the banks to acquire and use for currency needs. It is wise to study the past, present and future of corporations, cities, counties or States issuing bonds under consideration for investment before actually investing in said securities. As an individual's reputation may be good, bad or indifferent, so may the reputation of a company, a city, a county or a State be good, bad or indifferent. Naturally the securities eventually benefit or suffer, when occasion arises, from either this good or bad reputation. It is not wise to be too hasty in investing, neither is it wise to trust entirely on what may seem at short notice to be good advice in investing. Remember, in making investments, whether you are investing your own funds or money in trust for someone else, that an investment means some form of security which will produce a steady income during the time you care to hold it and which will bring you your principal intact when you wish to dispose of your investment. Careful thought and study of conditions generally and conditions specifically relative to the form of investment in which you expect to put capital will more than prove their worth as time goes on.

MASTERS OF CIRCUMSTANCES

Life has placed some of the greatest figures in history in the lowliest circumstances at birth, says the New York "Evening Telegram," but from these depths of poverty and obscurity they have risen by their own efforts to the heights of glory. Therein lies their greatness. Abraham Lincoln we hear of at first in a wretched log cabin, studying his school books by the light of the fire because candles were too expensive. Napoleon Bonaparte came from a Corsican family of large proportions and little means, and yet he rose from obscurity to startle the world with his achievements.

Oliver Cromwell, while he was not burdened by extreme poverty during his very earliest years, still came from a family of humble origin at a time when nobility was worshipped. Yet from this family of simple, limited customs he rose to the rulership of a great country, to the place of a king. And so it goes on in countless figures of history and art, where men and women who really had the power within themselves overcame the apparently invincible circumstances in which life had placed them.

How can any of us be discouraged and depressed by the stress of circumstances when we have these great examples before us in the pages of history? We have only to read to learn. They were not hampered and held back by poverty and obscurity because they felt the power within them stronger than any force of circumstances. And there is no one to-day who needs to be held back by the position that life has allotted them.

We hear complaints and grumblings on all sides wherever we may go. "How can I ever amount to anything when I have so much to hamper me?" is the slogan of the man or girl doomed to failure not by the hampering he or she rants about, but by that feeling within, which will not admit success. Circumstances never

held back anyone who was bound to rise. If you are inclined to think that these historical luminaries are figures of the past and would not be possible now when money seems to be ruler, look at the great artists of to-day! How many of the great singers who are now idolized by the musical public were born in luxury? How many of the well-known painters traveled over the road to success in a limousine? Scarcely one.

Success means work! If you are placed in circumstances filled with difficulties it means more work, but anything is possible to those who work. "Labor omnia vincet"—labor conquers all—says the old Latin proverb, and it is an excellent motto for the man or woman who is easily discouraged.

Perhaps you will say that you work hard enough now, but never get anywhere. Then you are limited in horizon and your mentality needs widening. Set a goal for yourself and study and work to reach it. No circumstances can hold back the girl or man who has the right stuff within. She or he will overleap the barriers of circumstances, which are after all only the excuse used by those without determination enough to succeed.

Above all, never let anyone tell you that circumstances govern you. You govern circumstances if you have any strength. Only weaklings are governed by circumstances. It has been proven by these illustrious examples in history that circumstances have about as much to do with your life as you choose to allow them. And anyone can rise from the depths of obscurity and poverty just as much to-day as they could in Lincoln's and Napoleon's time. It is quite true that neither a Lincoln nor a Napoleon is born every day. Nevertheless, their examples show us that anything is possible to those with determination, perseverance and courage within them.

CORRESPONDENCE CHAPTER WORK

C. L. Ellers Speaks from Experience at the Meeting of Group Five of the Oklahoma Bankers Association.

At the McAlester meeting of Group 5, says the "Oklahoma Banker," C. L. Ellers, of Idabel, one of the brightest young bankers in Oklahoma, gave an interesting and instructive talk on the correspondence work of the American Institute of Banking. In part Mr. Ellers said:

"You appreciate that thoroughness in any line of endeavor is the key which unlocks the doors of success in this twentieth century day of competition. And that while formerly banking did not require much more than the exercise of common sense and good judgment, to-day you must add to this the knowledge of how to do things, and why.

"Banking is an art, and rightfully stands in the foreground of all commercial enterprises. For that reason if for none other thoroughness in the essential details of banking knowledge should be the first consideration of every banker.

"There is more to banking than the mere entries of debits and credits. You should master the subject of 'Cause and Effect,' and be able at any time to encourage and advise one of your customers whom you know to be absolutely honest, but who through misguided efforts is not succeeding.

"The success of your customers means the building up of your deposits, larger opportunities, and as a natural result larger profits for you and your stockholders.

"While the American Institute of Banking does not go into detail in all matters of this kind, it does serve to sharpen your intellect and gives you the inspiration to be satisfied with nothing but the best. It points out the levers of success and labels the safety valves of caution.

"The Institute has for its mission the education of bankers and banking. You are informed through the study course that the three great sources of wealth are: 'The Forest,' 'The Mine' and 'The Farm.' Of these, notwithstanding the wonderful resources of the mine, the effects of which you perhaps feel more than either of the other two, the farm appeals to me as the most im-

portant factor, and the one to which we should give the most attention.

"There are those who will always be satisfied to accomplish mere routine of work, and have no ambition beyond the balancing of two rows of figures. These will always be the 'Hewers of Wood and Drawers of Water.' But those who study to improve their efficiency are as a rule the real live wires in their respective institutions and invariably reach the top.

"The varied and oftentimes intricate problems that confront you or your employes should be matters of easy solution. Easy, in that you should be able to say whether or not you could handle the item, and if your decision was in the affirmative to do so in an intelligent and efficient manner.

"The more a man knows about his business the better equipped he is to talk intelligently about bank matters. Do you realize what a help it would be to you if your employes were able to talk intelligently and interestingly to the bank's friends and customers on any bank matter coming before them? Do you not think that it would leave a better impression? And, while aside from the assurance you would have that the essential details of your business were properly conducted from day to day, do you not think that the well-posted men are the ones who inspire confidence and that this is the one

main factor in the proper upbuilding of your business?

"The really successful banker of the future will not be he who is able to earn the greatest number of dollars for himself or his stockholders, but he through whose efforts the greatest number are benefited. You may own the majority stock of the bank with which you are connected, and yet the bank does not belong to you, but to your customers and depositors. The position you may hold as president, cashier, or otherwise, should be looked upon as a sacred trust, and with that in view you owe is as a duty, not only to yourself, but to your customers, to so equip yourself with the knowledge of how things should be done, and why, so that the varied interests of your customers could be safely and quickly handled.

"The Institute is now about fourteen years old and has a membership of almost 15,000 members. The correspondence course, which is the department of the institute work which will more especially appeal to you, has a membership of over 1,000 men. The records show that of these more than 50 per cent. were bank officials, and, generally speaking, the real 'Live Wires' in their respective institutions, men who were capable of running a bank, but who were continually striving to improve in their efficiency, and in the end that alone is what counts, for Efficiency spells thoroughness, and thoroughness Success."



MESOPOTAMIAN MORTGAGES.

Land is the primitive wealth. And the oldest investment in the history of the world is the real estate mortgage. Throughout Mesopotamia, Babylon and Assyria are found the records of realty loans. When King Khammaragas reigned in Babylon, 2100 B. C., money was loaned on mortgages. In 600 B. C. was founded the great Babylonian banking house of the Egibi family, which controlled the investments of large amounts in mortgages on both city and farm property.

Mortgages were recorded on baked bricks. The original safety deposit vaults were huge earthenware jars. These were buried in the ground. As they are dug up by archaeologists of the present time they unfold the conditions of the real estate market of that distant time. There is nothing new under the sun in realty procedure.--"Wall Street Journal."

ADDITION TO ASSOCIATION'S OFFICES.

Owing to the increased demand for the services of General Counsel Paton (whereby it became necessary to increase his office force and enlarge his law library space) and with the growing activities of the Library and Reference Department of the Association, upon the authority of the Administrative Committee, additional floor space was acquired adjacent to the general offices of the Association on the 12th floor of the Hanover National Bank building.

Several important changes were also made in the arrangement of corridors; the work is now completed and the suite is more satisfactory for the accommodation of the officers and employes than ever before.

Some additions in the way of furniture were im-

perative; the same has been purchased without extravagant outlay, and while to-day the suite presents an attractive and rich appearance, at the same time there is a substantial and practical tone in the offices, corridors and reception rooms.

TENNESSEE BANKERS ASSOCIATION.

The Tennessee Bankers Association concluded its twenty-fifth annual convention at Nashville last month by the election of the following officers: President, Samuel T. Jones, president Bank of Sweetwater, Sweetwater; Vice-Presidents, A. B. Crouch, Johnson City; Emory Kimbrough, Clarksville; W. T. Williamson, Mason; Secretary, F. M. Mayfield, Nashville (re-elected); Treasurer, C. E. Taylor, cashier Ducktown Banking Company, Ducktown.

JOURNAL-BULLETIN.

Improvements have been made in the JOURNAL-BULLETIN during the past few months, in enlarging the scope of the publication and furnishing members of the Association and Institute with facts and information which is of interest to them, resulting in a decided increase in circulation of the monthly.

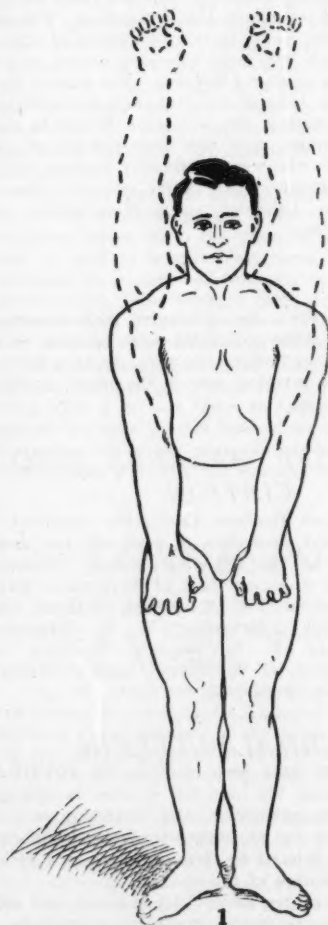
Members, of course, receive only one copy, and where additional copies are desired banks are subscribing for same. In the case of one bank in the Middle West, subscriptions were sent in covering every employe of the institution as well as its Board of Directors.

This is a certain indication that the JOURNAL-BULLETIN is now being more thoroughly and generally read by those who receive it.

Mental Strain and Physical Stagnation in American Life

Disease Incident to Lack of Bodily Exercise
—Need of Education in Personal Hygiene
—Primary Calisthenics Provided by the
Bankers Health Commission.

*SPECIMEN EXERCISE PROVIDED BY THE
BANKERS HEALTH COMMISSION.*



Statistics compiled by President Elmer E. Rittenhouse, of the Life Extension Institute, indicate that there are now approximately 410,000 deaths in the United States annually from organic diseases of the

kidneys and urinary system, and of the heart and circulatory system, including apoplexy and paralysis. About 60,000 of these deaths from diseases of old age occur below age 40, and about 350,000 of them beyond that age. It is safe to say that fully 80 per cent. of these deaths could be postponed from a few days to a number of years, if we would teach these people personal hygiene—how to guard against these afflictions, and to have periodic health examinations to detect the presence of trouble before it becomes firmly seated. This 80 per cent. means an annual premature loss of 328,000 people from organic diseases. About 280,000 of these deferable deaths occur in the population above age 40, and about 48,000 below that age. We lost last year about 170,000 people from these degenerative diseases who would now be alive if the death rate of 1880 from this cause had still prevailed. If the present death rate in England and Wales from these causes had prevailed in the United States last year, we would have saved approximately 110,000 lives.

Various causes have been suggested for the increase in the organic diseases as indicated by these records. Among them, alcohol, tobacco and the drug habit, and the alleged increase in the diseases of vice. And it has also been charged to the "melting pot" process—the assimilation of the foreign people of the working class. These all doubtless have their influence, especially alcohol, the consumption of which has increased. But if the actual facts were known we would find that the broad theory of lack of adjustment to the extraordinary changes in living habits, which have occurred in recent years, is the correct answer.

This change has been much more sudden and radical in this country than in Europe. The most important of these changes in our methods of living has resulted from the extraordinary prosperity that has prevailed during the last two generations. The march of progress has literally become a stampede, bringing with it nerve-strain that must be reflected in the death rate. The increase in wealth has brought increased comforts, luxuries, and very greatly enlarged the proportion of people engaged in sedentary occupations. The excessive life-strain, due to these changes, has been described by the general term "strenuous life." A better term is the intemperate life; that is, intemperate eating, drinking, working and playing. This is the common answer as to the cause of the high mortality from organic disease; and it seems most reasonable.

There is one important factor not always included in this answer, the influence of which is overlooked by many people, and that is, the extraordinary decline in physical activity in a very large portion of the population. The high-tension class is but a small minority. The vast majority of Americans are not putting an excessive physical or mental strain on their vitality from undue activity.

BULLETIN OF THE AMERICAN INSTITUTE OF BANKING

Notwithstanding our strenuous tendencies, there are far more people deteriorating from lack of physical exertion than from an excess of it. This does not mean that these people are lazy or indolent—they are physically inactive as a natural consequence of changed living conditions. Millions of Americans—perhaps 60 per cent.—whose ancestors for generations and centuries have been engaged in outdoor work, or at least in occupations calling for muscular effort, are now wholly or partially indoors, where little or no physical activity is required beyond moving around a little on their feet.

This sudden decline in muscular activity reaches from the factory-hand or the mechanic who leisurely watches or feeds a machine, to the farmer who rides his sulky plow, to the trainman whose brakes are now set by air, to every branch of business and professional life, where time and labor-saving devices are now encouraging physical inactivity. And one of the greatest factors in this change has been cheap telephones and cheap transportation in our cities and towns. To walk a few blocks, to stand a few minutes, or to climb a few stairs over-taxes the strength of thousands of healthy-looking people—hence, the popularity of the chair, the trolley and the elevator. It is astonishing how many people are constantly in search of physical ease, who should be erect, active and alert.

A great body of people, bred to outdoor life, or at least to a physically active life, where the joints and muscles are constantly in use, cannot suddenly stop using them and continue to eat heartily—especially of new and rich foods, as many Americans do—without paying the penalty of damage to their vital machinery. What happens to the horse which is used to hard work and to eating hearty meals, and which is suddenly deprived of his exercise and allowed to continue his working diet? His joints stiffen, he soon gets fat, short-winded and useless, and doubtless dies ahead of his time. This has happened to a large group of Americans. It is a glorious thing to know that millions of the people of to-day can enjoy so many pleasures, comforts and luxuries of life, which were denied to their forefathers, and, of course, a return to muscular toil is neither desired nor expected. But unless we assist nature in adjusting our over-taxed organs to these new conditions, we must not be surprised to see the number of fat, short-winded, flabby-muscled individuals increase.

There is but one remedy. It is a question of adjustment of living habits, especially of diet and natural outdoor exercise—in short, the practice of personal hygiene—observing the laws of health. Personal or individual hygiene relates to the care of the body and its organs. It applies the results of experience and of scientific research in guarding us against needless sickness and premature death. It teaches us how to avoid practices that undermine the health, and informs us of those that will conserve it, in connection with our eating, drinking, sleeping, working and playing. Many have already learned in recent years to abandon unhealthy living habits. The mortality from communicable diseases of early life has declined rapidly because the people have learned how to apply sanitation and other preventive measures. The number of people who are learning to abandon habits that encourage the development of the diseases of the heart, kidneys and nervous and

digestive systems is also increasing, and this includes a growing number who are giving intelligent attention to their diet. It is true that this reaction has not advanced far enough as yet to noticeably influence the mortality rate in middle life and beyond, but it will soon do so if the education of the public upon personal hygiene can be actively carried on.

The decline in physical activity incident to modern life can to a great extent be counterbalanced by systematic exercises. "Time and money spent in training the body," said Gladstone, "pay larger interest than any other investment." In the form of a poster the Bankers' Health Commission furnishes a set of "Everyday Exercises" that are intended not to make athletes but simply to develop the fundamental functions of the body. No apparatus is necessary. No contortions are prescribed. Two or three minutes nights and mornings is all the time required. Persons who do not possess sufficient ambition and energy to perform such simple exercises should consult a doctor or an undertaker. The poster thus described may be obtained at the nominal cost of 25 cents upon application to the Bankers Health Commission, 5 Nassau street, New York City.

TRANSPORTATION TO THE SAN FRANCISCO CONVENTION.

Arrangements for transportation to and from San Francisco, covering the sessions of the Institute Convention August 18th, 19th and 20th, were announced in the April JOURNAL-BULLETIN. There will be special train service from New York to Chicago over the Pennsylvania Railroad and from Chicago to San Francisco over the Burlington and Atchison, Topeka & Santa Fe. The return route from San Francisco will be optional with individual delegates, but each delegate must indicate when he purchases his round-trip ticket the return route that he desires to use. Delegates will find it most convenient and economical to buy their round-trip railroad tickets in their home cities, but they should be sure to specify that their tickets read by the route of the Convention Special going to San Francisco, which is as follows:

Aug. 11.—Lv. New York	6:10 P.M.	Pennsylvania
Aug. 11.—Lv. Chicago	8:00 A.M.	Burlington
Aug. 12.—Ar. Kansas City	2:00 P.M.	Breakfast, U. Sta.
Aug. 12.—Lv. Kansas City	6:50 P.M.	Santa Fe
Aug. 12.—Ar. Newton, Kan.	7:35 P.M.	Dinner
Aug. 12.—Lv. Newton, Kan.	7:10 A.M.	Breakfast
Aug. 13.—Ar. Trinidad, Colo.	7:45 P.M.	Santa Fe
Aug. 12.—Lv. Denver	10:30 P.M.	Santa Fe
Aug. 12.—Lv. Colorado Springs.	11:50 P.M.	Santa Fe
Aug. 12.—Lv. Pueblo	7:40 A.M.	Santa Fe
Aug. 13.—Ar. Trinidad	7:55 A.M.	
Aug. 13.—Lv. Trinidad	12:30 P.M.	Luncheon
Aug. 13.—Ar. Las Vegas	1:15 P.M.	
Aug. 13.—Lv. Las Vegas	5:30 P.M.	Dinner
Aug. 13.—Ar. Albuquerque	6:30 P.M.	
Aug. 14.—Ar. Grand Canyon	8:00 P.M.	
Aug. 14.—Lv. Grand Canyon	8:00 A.M.	Breakfast
Aug. 15.—Ar. Barstow	8:30 A.M.	
Aug. 15.—Lv. Barstow	1:30 P.M.	Lunch and dinner
Aug. 15.—Ar. Los Angeles	11:59 P.M.	
Aug. 16.—Lv. Los Angeles	7:00 A.M.	
Aug. 16.—Ar. San Diego	8:30 P.M.	Breakfast
Aug. 17.—Ar. Bakersfield, Cal.	8:15 A.M.	
Aug. 17.—Lv. Bakersfield, Cal.	9:00 A.M.	
Aug. 17.—Ar. Merced	12:55 P.M.	Luncheon
Aug. 17.—Lv. Merced	1:30 P.M.	
Aug. 17.—Ar. San Francisco	6:05 P.M.	

The Federal Reserve System from the Standpoint of a Statesman

History and Prophecy by Senator Owen of Oklahoma—Synopsis of a Forceful Speech at the Annual Banquet of Washington Chapter of the American Institute of Banking.

The greatest and most important value of the Federal Reserve Bank Act is the establishment of stability in banking in the United States. Under our National Bank Act there has been built up a large and important system. Under the State bank laws there were established a great number of State banks, not correlated with the banks of other States, but each State having a system of its own. And these various banks, by practise and by habit, induced by the law itself, were led to place their reserves first in the reserve cities, then from the various forty-odd reserve cities in the three central reserve cities. There are reserves of all the banks of the country, National banks, State banks and trust companies, were accumulated on a gigantic scale. It is not just to the great banks of New York, or of St. Louis or of Chicago, to reproach them with their method of handling these gigantic funds. They were almost compelled by the necessity of the case to place those funds on call or on short time, secured by collateral which was quickly and easily available at least, no matter at what great expense, so that upon demand these banks could respond to the call of their depositors whose reserves they held. Therefore when any occasion arose and the banks of the country desired to withdraw their reserves, such a demand being widespread, it imposed an element of instability that from time to time has shaken this country to its foundations. Just in the last great panic, in the twinkling of an eye, within forty-eight hours, from one end of this nation to the other the banks almost without exception were compelled to suspend payments, were compelled to resort to various devices for the purpose of producing some form of currency to take the place of currency which would go into hiding.

The Federal Reserve Act is now in operation, and the last report shows that those banks have approximately \$280,000,000. Under the method by which legal tender money in effect—although not in terms—may be issued by those banks, if they should use the authority of the Act they could now issue to this country over \$800,000,000 of money, the best in the world.

It is a very important thing to banks that they should have stability. The banker is the most conservative man in the world, and is perhaps the most timid man in the world, and justly so under our system, because the banks of the nation have over ten times as much deposits as they have of currency; and if on any given day there should be withdrawn from the banks one-tenth of their deposits for hoarding the banks of the United States would not have a dollar left with which to transact their business. Of course it is impossible that ten per cent. could ever be withdrawn, but even a substantial withdrawal under the fright of a panic in times past has made the banks suffer extreme anxiety.

In France any bank can go into complete liquidation within thirty days without difficulty, I might say within forty-eight hours without difficulty, by going to the Bank of France and laying down their good assets and getting the money upon their assets to pay off their depositors. Under this new system you have that element of stability in this country. You cannot only go to the Federal Reserve Bank and get the accommodation that you desire on a large scale, but because every other bank can do the same thing there is a sense of confidence and stability in this country that will prevent any extraordinary demand arising against any solvent bank in the future. You have, therefore, a new peace of mind. When you conduct your business with integrity, with fidelity, with judgment, you know that you can go home and go to sleep without fear of arising in the morning to find a run on your bank. With the stability which is given to the banking world in America the banking center of the world is going to be transferred to this country. Our great banks are establishing branch banks in Buenos Aires and in Argentina, and it will be only a short time before we shall have branch banks in every quarter of the world. And I want to call your attention to a very important consideration in connection with our future prosperity and our future happiness. Every nation of the world preserves its own gold supply; sometimes it does it at a high cost, but the nations of the world always preserve their gold supply. Keeping that fact clearly in mind, I remind you that the necessary corollary follows that the exchanges are not paid ultimately in gold, but only temporarily while credits are being transferred. We are shipping goods into Europe now so that the balance is running in our favor somewhere in the neighborhood of \$150,000,000 a month. If that keeps up during the year we will probably have a so-called balance of trade of a thousand million dollars. I want to remind you that the balance of trade, so called, is merely a fiction of figures. When we send those goods to Europe we get back either cash, goods, or credit of necessity, and I want to remind you that since we are compelled to maintain our own gold supply and since other nations maintain their gold supply, it follows inexorably, beyond dispute with thoughtful men, that imports are paid for by exports, and exports are paid for by imports. Therefore, that being true, the more we interfere with the free exchange of goods between our country and countries abroad the more we interfere with the activity and productive power of our own people and with the magnificent growth of America. We merely choke our own enterprises by making it impossible for other people to exchange their goods for ours, and impossible for us to that degree to exchange our goods for theirs. With stability in our financial world, with the gigantic financial establishments which we are now building up in this country, with 25,000 banks and twenty-five billion dollars of assets, we are in a position to command the trade of the world and to make America what she ought to be, the financial and commercial mistress of the universe.

Lessons in Banking to Be Learned From the European War

Influences Behind the Scenes Described by Clarence W. Barron at the Annual Banquet of Philadelphia Chapter of the American Institute of Banking—Far-Reaching Effects of Weak Diplomacy and Sound Finance.

The first banking lesson arises from the immediate causes of the war—a lack of politeness or courtesy. The statesmen call it a lack of diplomacy.

Every German will tell you that his government has blundered woefully in diplomacy; in failure to establish pleasant relations with its neighbors. Ten nations are on the boundaries of the German people of Europe, and not one of the ten can they call a friend.

Military rule does not beget politeness, neighborliness or friendly trade.

Poor indeed is a nation with the good will of no neighbor. In banking, as in business, good will may far outrank capital account. Good will is not based entirely upon efficient service, but somewhat upon the manner of that service.

The praise of the world to-day is for the diplomacy of Great Britain that not only cements the British Empire in one-fifth of the world's area belting the globe, but makes friendly alliance with the leading nations, races and continents of the earth.

The first line of a nation's defense is in its diplomacy, in relations just and right and true with all its neighbors.

The second banking lessons from this war is the importance of sound National finance. Germany and England are fighting in lines of finance more than with armies by land, or ships by sea.

Sound finance must be based upon sound diplomacy, upon sound trade and free lines of communication.

The third banking lesson from this war is that American finance must hereafter be of a broader character, less local and more international.

With six billions of American securities owned abroad and sales of them in the New York market progressing at the rate of half a million a day, every American banker must take on a larger thought, a larger view. Post office receipts and customs collections are no longer the important factors in American finance. The United States is no longer isolated. She is a part of the world's finance. The American banker must think in broader lines. He must know the trade relations of the men to whom he loans money, and to what extent those relations may be affected by foreign developments or complications.

Under our great Federal Reserve Act we have just entered for the first time into the field of scientific banking, a field where England, France and Germany are past masters. We must know and understand their finance.

The war presents the greatest opportunity the younger bankers in this country have ever had to study the finance of nations, and here comes the fourth lesson

for us all. You can understand the finances of nations when you understand not only their political and social organizations, but also know something of the meaning of the animating souls of nations.

It is worth a trip across the ocean to-day to see the soul of the British Empire brought forth from trade and strife for pound, shillings and pence, to battle for all that the Empire stands for in the highest conception of empire and making good its treaties and its word of honor.

We have now a great Banking Act, one capable of doubling the mercantile credits of this country, and instead of rising to our responsibilities and going forward in business enterprises, we hesitate, talk politics and gaze about to see how somebody outside in misery and distress is going to improve our pocket-book.

It is up to you of the banking community to assist, to say when and how this country shall go forward.

And the final lesson is whether we shall go forward in peace or war.

I maintain we should go forward in our diplomacy, enlarge our embassies, broaden and strengthen the hands of the men who represent us with other countries.

It is too late for us to go upon a war footing.

We have but one armament factory in the United States, and the output of that is engaged for the next three years.

When the Allies, now seven nations and possibly soon ten, have won their victory for peace, there will be no longer a call for arms, armies or armaments. There will be a reduction of war forces throughout Europe and no necessity for an increase on this side of the ocean.

Should Germany win, she is in control of the world, and then it may be too late for our defenses.

The United States has no right and no ability to put itself on the basis of a European war armament.

We could not in 20 years build the fortifications, manufacture the arms, or build the warships that could make this vast country a military power.

But we can get the German lesson of organization, efficiency, discipline and physical training. We may take from Switzerland the lesson of efficient self-defense without burdensome war budgets.

Every bank clerk in Germany with a military training ranks higher with his employer, not because he can the better bear arms, but because he has been taught promptness, discipline, efficiency, obedience.

Every banker in this country will be a better banker for a six weeks' training in his youth in a field camp, where he learns to trench in the earth, meet game or enemy in the bush, feed, clothe and condition himself. Here is a basis for increased individual efficiency, and National defense.

As never before this banking generation is invited to enter a larger banking field, a larger citizenship, a broader nationality.

PROTECTIVE DEPARTMENT

L. W. GAMMON, MANAGER

OFFICES OF THE WILLIAM J. BURNS INTERNATIONAL
DETECTIVE AGENCY, INC.

ALABAMA, BIRMINGHAM.—Brown-Marx Building.
CALIFORNIA, LOS ANGELES.—Walter P. Story Building.
CALIFORNIA, SAN FRANCISCO.—First National Bank Building.
COLORADO, DENVER.—First National Bank Building.
ILLINOIS, CHICAGO.—Transportation Building.
LOUISIANA, NEW ORLEANS.—Whitney Central Building.
MARYLAND, BALTIMORE.—Munsey Building.
MASSACHUSETTS, BOSTON.—201 Devonshire Street.
MICHIGAN, DETROIT.—Dime Savings Bank Building.
MINNESOTA, MINNEAPOLIS.—McKnight Building.
MINNESOTA, ST. PAUL.—New York Life Building.
MISSOURI, KANSAS CITY.—Midland Building.
MISSOURI, ST. LOUIS.—704 Title Guaranty Building.
NEW YORK, BUFFALO.—White Building.
NEW YORK, NEW YORK CITY.—Woolworth Building.

OHIO, CLEVELAND.—Swetland Building.
OREGON, PORTLAND.—Yoon Building.
PENNSYLVANIA, PHILADELPHIA.—New Stock Exchange Building.
PENNSYLVANIA, PITTSBURGH.—Commonwealth Building.
TEXAS, HOUSTON.—Union National Bank Building.
WASHINGTON, SEATTLE.—Hinckley Block.
WASHINGTON, SPOKANE.—Old National Bank Building
FOREIGN OFFICES OF THE WILLIAM J. BURNS INTERNATIONAL
DETECTIVE AGENCY, INC.
CANADA, MONTREAL.—501 Transportation Building.
ENGLAND, LONDON, W.—Crown Chambers, 5 Regent St.
FRANCE, PARIS.—16-17 Rue Auber.
BELGIUM, BRUSSELS.—4 Passage des Postes, No. 6 Boulevard Anspach.
CORRESPONDENT OF THE WILLIAM J. BURNS INTERNATIONAL
DETECTIVE AGENCY, INC.
IOWA, DES MOINES.—The Gus. J. Patek Detective Agency, 515
Mulberry Street.

APRIL REPORT OF PROTECTIVE WORK

EXTENSIVE SYSTEM OF FORGERY BROKEN UP.

*FATE OF THE "IDEAL FEATHER C COMPANY"
—CLEVER METHODS OF SWINDLING MERCHANTS—TECHNICALITIES OF EXTRADITION IMPEDE THE PROGRESS OF JUSTICE.*

An investigation recently made by the New York District-Attorney's office, assisted by our detective agents, discloses the operations of an organized gang of forgers and swindlers operating throughout the United States for several years past, by which banks and individuals have been defrauded out of thousands of dollars, and which when fully exposed to the searchlight of a grand jury investigation will ensnare business men whose previous reputations have been untarnished. The methods employed by this gang have been so skilfully conceived that, while the identity of several of them has been known for some time past, it has been impossible to bring them to justice.

At least twenty-seven different people are known to have guilty knowledge of the operations of these forgers. For some time past "THE IDEAL FEATHER C COMPANY," with headquarters in down-town New York, has been in some way connected with forged checks cashed at banks in all parts of the country, but only recently has it been learned that this name was but a cover for what might be termed "THE IDEAL FORGED CHECK COMPANY," which directs the stealing of checks from business houses and mail boxes, the raising and forging of checks, the selection of banks and business men for victims, the division of the spoils on a strict percentage basis, and the conduct of correspondence with their agents operating in other States. Both men and women are the trusted agents of this gang.

The operations of this gang first came to our attention in May, 1912, when forged and raised checks were cashed at member banks in Newark, N. J., and New York City, but at that time the identity of the criminals, while suspected, was not definitely known. Since that date the operations of these forgers have been reported from Chicago, St. Louis, Louisville, Cleveland, Mem-

phis, Pittsburgh, Atlanta and other cities throughout the country.

One method of operation employed was to bribe a minor employe of a firm to steal checks and check forms from the employer, use a filled check as a specimen, fill and forge the blank check forms, and then send these forged checks to their agents to be cashed by a merchant in some distant city. This agent would introduce himself to responsible citizens in some city, stating that he intended to open up some line of business, artificial flower manufactory, button-hole factory, etc. He would then gain an introduction to a local bank, deposit a forged check for collection and in nine cases out of ten get the money. When the forgery was discovered in New York the merchant who cashed the check would not prosecute because he had not been defrauded and no warrant would be issued at the point where the crime was committed until the merchant defrauded would agree to stand the expense of bringing a witness from New York necessary to prove that the check was a forgery. As a result no prosecution would lie.

Another method employed was to connive with a local merchant, securing from him a small check to be used as a specimen, forging his name to larger checks, cashing them at a bank and dividing the proceeds with the local merchant. In these cases the local merchant would force the paying bank to reimburse him for the amount of the forgery and he, of course, would make some excuse for failing to appear as a witness against the forgers. In no instance have forged checks been cashed in the same State where they were stolen, and in this manner this gang has so far been immune from prosecution.

In one instance a member of this gang persuaded a merchant in a Southern city to forge his own name and give the check to the agent to be cashed. The agent cashed the check and left without dividing the proceeds with the merchant. When later threatened with prosecution by the merchant the agent reminded him that he, the merchant, had committed the forgery if any forgery had been committed. This same agent was recently shown a two hundred dollar check by our detective agents to which another member of the gang had

forged the agent's name. A fixed percentage of the proceeds was paid to the man who stole the check, to the man who did the pen work, to the agent who cashed the check, to the merchant who permitted his name to be forged, and to the Ideal F. C. Company, which engineered the deal.

JAKE LUBIN, the high mogul of the Ideal F. C. Company, was recently arrested on a charge of forgery and sentenced at Brooklyn, N. Y., to twenty years in Sing Sing prison, but is delaying the execution of the sentence through legal technicalities.

MORRIS LUBIN, alias Morris Loeb, is now under arrest at Atlanta, Ga., on a charge of forgery and bond forfeiture at Brooklyn, and is fighting extradition.

JACOB GOLDMAN, alias Louis Stone, alias J. Wilner, alias "Jake the Brick," is now under arrest in New York on a charge of forgery. Strange as it may seem, the conviction of any of these men is as yet problematical.

These cases are but additional examples of the necessity of the elimination of State lines in the prosecution of criminal cases and the futility of attempting to convict criminals so long as State governments refuse to extradite prisoners arrested out of the State, compelling the injured party to stand the expense of extradition or permitting the criminal to go free and continue his depredations against organized society.

WHOLESALE SWINDLING SCHEME NIPPED IN THE BUD.

COMPLETE FORGER'S KIT TAKEN FROM A
MAN ARRESTED IN TEXAS.

It is with good satisfaction that we can advise of the recent arrest of a swindler, who in the short time that we believe his operations to have been confined to, gave every assurance of being an operator from whom all members could expect serious annoyance.

This man would go into a town and immediately open an account with cash deposits in from four to eight different banks. These accounts he opened under different names and each successive day found him making his cash deposits and passing checks from one bank to another. In this manner he encouraged the ready confidence and acquaintanceship of the banks' officials. At this desired moment he would uncover a check for a large amount drawn on an out-of-town bank.

collection. On this same day he duplicates this act in each of the banks in which he has kept his accounts. When he succeeds in each case he hastily leaves the town. The banks later learn that his last presented checks are entirely bogus.

Our representatives set about to cause this man's apprehension, and in this move they were ably assisted by bank officials and police officers. The city of Houston, Tex., was placed on its guard and all preparations made for the appearance of this man within its gates.

On March 18, 1915, in this city our swindler again began his operations, and on that same day they were brought to a sudden and, for him, unexpected end. A few moments after his appearance in a member's banking rooms the desired results were brought about and the operator was taken into custody and brought off to headquarters.

Our representatives put this man's baggage under inspection and blank checks drawn on more than one hundred different banks of this country were found; also numerous railroad mortgage bonds, letter heads of fictitious concerns, protectographs, ink eradicators and, in short, an outfit through which this man might readily acquire thousands of ill-gotten dollars. Thirty warrants are now hanging over this man's head. He has used the following names: A. C. COLE, H. Hall, J. A. Brown, F. Fleming, M. White, S. Scott, A. C. Arnold, J. R. Kelly, A. C. Buck, O. Howard, W. Wilson, Lewis Smith, A. Groves, Fred Larsen, Fred Larson, H. R. Ryan, John Putney, G. Carney, John Connor, L. Hicks, William Wills, Alexander Campbell, J. C. Billings, H. Hillman, J. R. Ryan and R. M. Manley. He is 67 years of age, 5 feet 9½ inches in height, 174 pounds in weight, medium stout build, gray hair, bald on top, blue gray eyes, fair complexion. Born in New York, salesman by occupation. **BERTILION MEASUREMENTS:** 77.0, 90.0, 90.3, 19.1, 14.3, 13.3, 7.1, 28.2, 12.6, 9.4, 51.7. **FINGER PRINT** 16 over 32, U over blank, O over 10. Photograph reproduced in connection with this article.

BOGUS ARMY OFFICER AR- RESTED.

TEN MONTHS OF SUCCESSFUL CHECK OPER-
ATING ENDS IN CAPTURE.

RICHARD WAINWRIGHT, Jr., the "Bogus



Without hesitation the money that his checks called for was given to him, and his check was sent on for



United States Army Officer," has, at last, witnessed the attack turn full against him. On April 20, 1915, in

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

Philadelphia, Pa., this man was arrested by the local police. Photograph is published in connection with this article. Wainwright has never, to our knowledge, operated against a bank; but in the time that he has been passing out his bogus certified checks he has secured a list of victims in merchants, or individuals, that has never been surpassed in number.

Wainwright confined his operations chiefly to the North Atlantic States. He went everywhere among the merchants. All manner of articles would he purchase, from a pair of shoes to a talking machine. He was a good, impressive talker, bore an assuring manner, and when he told of his connections with the different branches of the Government's Service, and signed himself "Lieutenant" or "Captain," it seems that the merchants must have felt it an honor to be so approached, and in their elevation they readily accepted the checks he tendered and made the necessary change.

Off went his purchase to West Point, or other army station named by Wainwright, and in short order the obliging merchant was returned the articles from these places with the advise that the one who had ordered them sent there was absolutely unknown. The climax came about when Wainwright's check came back marked "No Account."

Our representatives were continually in receipt of reports of this man's operations from irritated merchants. Banks' customers will be deeply satisfied to know that his confinement has at last been effected. He has been returned to New York City on the charge of impersonating an officer of the United States Army. In his operations he has used the names Lieut. Richard Wainwright, Jr., Lieut. J. C. Fleming, J. C. Henning, Montgomery Milne, Lieut. C. R. P. Rogers, Sr., Capt. E. O. Barbour, Capt. A. B. Barber, R. W. Benjamin, Jr., Captain Russell, etc. He is 30 years of age, 5 feet 8 inches in height, 140 pounds in weight, medium complexion, brown hair, smooth face.

TAKE DETECTIVE REPRESENTATIVE AS YEGGS PAL.

Nowhere in the yegg world will you find two men more chagrined, two men more determined that never again will they give forth the merest secret to one whom

they do not know through and through, than in the persons of J. C. Hazelton, alias J. Wilson, alias J. Hoper and Fred Jackson, alias Fred Turner, the yeggs arrested on March 27th at Sulligent, Ala., for conspiracy to blow and rob the safe of the Bank of Sulligent.

For long days this pair and an acquaintance laid their plans of operations. This acquaintance was not fully known to them, yet he gave them every reason to believe that he was none other than he represented himself to be—he knew the ropes and talked their language. So they confided in him and told how they would go into Sulligent on the night agreed and blow and rob the bank's safe.

The night for the work arrived. Hazelton and Jackson brought forth the necessary implements, their firearms were loaded for action and all was ready. In the next few moments their fellow-acquaintance had gone to attend to other business. And in those few moments they later realized their undoing. A wire sped on to Birmingham to the office of our representatives and in short order the manager had arrived in Sulligent. The town's marshal was asked to give his assistance and suddenly the two yeggs beheld the man who had listened to their plans advancing upon them with drawn weapons, demanding that they submit to arrest on the charge of conspiracy. Hazelton and Turner were lodged in jail and the bank remained unmolested.

BEWARE OF THESE CHECKS.

There is a man traveling about the country, now in the South, and he has in his possession a good supply of checks on the following order:

With these checks he has swindled banks and individuals in almost every State in the Union. Should he appear in your bank, DO ALL IN YOUR POWER TO CAUSE HIS ARREST. There are numerous warrants to hold him on. He operates as follows: He goes from one town to another, locates at a good hotel, and immediately calls upon some real estate dealer or newspaper man. He is of good education and an impressive talker and strongly states that he is the Vice-President of THE FELIX CATTLE LAND COMPANY OF ARTESIA, NEW MEXICO; a representative of the CARLSBAD REAL ESTATE AND DEVELOPMENT

Count 7851.56
 50.00
 100

FIRST NATIONAL BANK

No 45117

ARTESIA, NEW MEX. Feb 21st 1915

PAY TO ORDER OF *H. T. Bradley* \$50.00

Fifty DOLLARS

NATIONAL PARK BANK
NEW YORK

NOT OVER FIFTY DOLLARS

CASHIER

COMPANY, or the President of the FIRST NATIONAL BANK OF ARTESIA. He readily gains the confidence of the men he deals with and speedily asks to be introduced at a bank. When he and his lately made acquaintance call at the bank, this swindler relates how he is interested in the land business and general conditions in New Mexico. The cash is given him on his check and he leaves the town at once. His checks are absolute forgeries. On past occasions he has used the names G. F. Hess, S. S. Ward, H. B. Morgan, H. A. Langley, E. Hendricks, M. Livingston, E. L. Morley, H. E. Calhoun, J. W. Poe, N. M. Schuster, H. T. Bradley, E. H. Houx and R. E. Smith. Here is a good description of him: Forty-five years of age, 5 feet 5 inches in height, 140 pounds in weight, ruddy complexion, coarse red hair, small red mustache, light colored eyes, slender build, skin well tanned, thin face bearing marks of smallpox, bald top of head, gold in front teeth, heavy eyebrows, wore diamond pin in tie and diamond in ring. Wire the nearest office of our Detective Agents by wire collect should you get any information whatever concerning the whereabouts of this man.

FORGER HAS DRAFTS PRINTED.

We herewith reproduce a draft as a sample of a batch of 250, identically the same in all respects, which a swindler recently had printed in Quincy, Ill.:

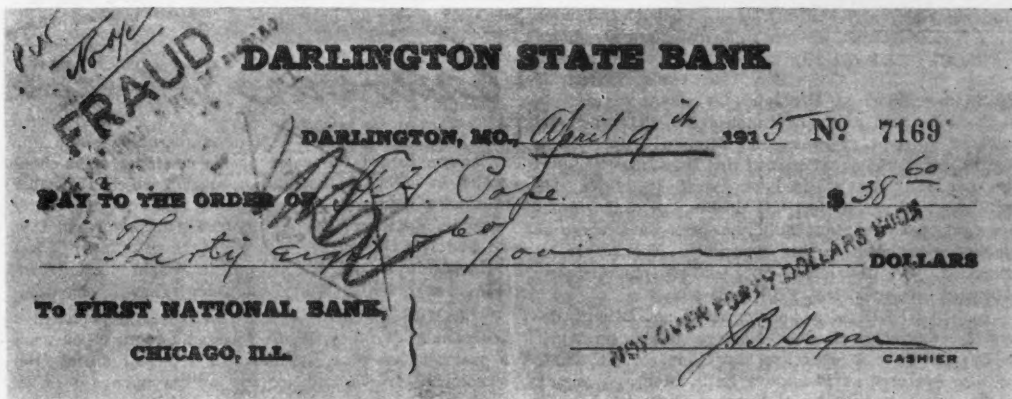
He may at any time come into your institution and endeavor to defraud you with one of these forgeries. ENDEAVOR TO CAUSE HIS ARREST through your

WARNINGS TO MEMBERS.

DENNIS APERGIS opened an account on February 4, 1915, with a member in Seattle, Wash., by depositing \$60 in gold. A few days later he deposited a check drawn on a bank in North Dakota. This check later proved to be bogus. Apergis had drawn on his account to the extent of \$105 before this was discovered, the bank being defrauded to the amount of \$45 by this man. He is 40 to 45 years of age, 5 feet 6 inches, 180 to 185 pounds, stocky build, very dark complexion, very dark brown hair, dark brown eyes, sandy mustache, appearance of a laborer, possibly a Russian.

R. E. COULTER defrauded a member at South St. Paul, Minn., by means of a forged check. This man presented a letter of identification written on a letterhead of Grism & Page, Live Stock Brokers, South St. Paul, which is evidently a forgery. It has been ascertained that forty-three blank checks had been stolen from the offices of this concern. Coulter is 26 to 28 years of age, 5 feet 6 inches, 150 pounds, medium build, smooth shaven, ruddy complexion, weather-beaten appearance, wore dark suit, black soft hat.

MARY A. HORNER, 25 to 30 years of age, 110 to 115 pounds, blond complexion and very attractive, recently defrauded a bank at Owensboro, Ky., by means of a bogus check drawn on a bank member at Helena, Ark., which has been out of business for two years past. The check was signed H. S. Horner & Company, per "H. S. H.," endorsed Mary A. Horner and bearing the forged endorsements of one of the bank's customers.



police department or the nearest office of our Detective Agents!

In the past this man has used the names of J. B. Kent, G. A. Barnett, C. A. Hyde, C. A. Hadley, C. H. Hyde, Paul E. Singer, George F. Kent, J. M. Singer, E. K. Erickson, F. H. Pope, J. B. Segar.

He is 40 years of age, 5 feet 8 inches in height, 150 pounds in weight, medium sallow complexion, gray eyes, iron gray hair, smooth shaven. Should you obtain any information as to the whereabouts of this operator, wire the nearest office of our detective representatives by wire collect with all possible haste! JOURNAL-BULLETINS: June, 1911, page 642; March, 1914, page 639; December, 1914, page 397.

It is believed that this woman is the same woman who cashed a check for \$75, using the same names, made payable to Carrie H. Horner and cashed by a bank member at Owensboro, Ky., on April 2d.

CHARLES J. LEFEBVRE defrauded a member at Wallingford, Conn., through the medium of a forged check during December, 1914. This individual is a resident of Lowell, Mass., and may endeavor to defraud members in that city. A warrant for his arrest is now in the hands of the Wallingford, Conn., police. He is 24 years of age, 5 feet 4 inches, 145 to 150 pounds, stocky built, smooth shaven, very dark complexion, black hair, neat dresser.

WALLACE B. McCAFFERTY recently defrauded

a New York City member of the Association by means of two forged checks amounting to \$235. He is also wanted in New York City on a charge of wife desertion. McCafferty, also known as Donald Robinson and Wallace Robinson, is 23 years of age, 5 feet 10 inches in height, 135 to 140 pounds in weight, light blue eyes, light brown hair, smooth shaven, clean-cut features, large hands, carpenter by occupation, has habit of biting his fingernails.



C. C. CURRY.

C. C. CURRY, known as "Big Boy," has been identified as being one of a party of three who on April 6th entered a member at Kaw City, Okla., and robbed it of all the money that lay in sight. Curry is 23 years of age, 6 feet 2 inches in height, 185 pounds in weight, slender build, medium complexion, light brown eyes, brown hair, broad shoulders, smooth shaven, prominent nose.

A. R. EDGETT is traveling through the Western States cashing small checks drawn on the First State Bank at Rockland, Idaho; he introduces himself by letter purporting to have been written by the bank, recommending him for a position. The checks used, however, are entirely different from any ever printed for this bank. Edgett is

said to have lived at Rockland for about a year. It has been learned that on October 19, 1911, he was sentenced to two years in the Missouri State Penitentiary for forgery committed in Buchanan County, Missouri, and was released on April 18, 1913. He is 49 years of age, 5 feet 4 3/4 inches tall, 144 pounds in weight, medium stout build, medium dark chestnut hair and eyes, medium fair complexion, bookkeeper by occupation. See JOURNAL-BULLETINS for October, 1910, page 308, and May, 1910, page 402.

A. E. REED, also known as C. A. Minor, defrauded a member of Rock Springs, Wyo., on April 6th by means of a worthless draft for \$2,000. This man also operated at Thompson Falls, Mont. Warrant for his arrest is held by the sheriff there. He is 40 years of age, 5 feet 10 inches, 140 pounds, slender build, sandy hair, small sandy mustache, has general appearance of good business man, carries exchange of First National Bank, Omaha, Neb., 71,466 to 69.

MRS. MARTIN K. SMITH, also known as Mrs. Lucy A. Spencer, recently defrauded a member at Idaho Springs, Col., by means of a forged check. She is 40 years of age, 5 feet 4 inches, 135 pounds, chunky build, fair complexion, hair dyed red, gray eyes, upper teeth false, one gold, housekeeper or maid by occupation.

WALTER SMITH defrauded a member at Sioux City, Ia., during the month of January of this year when he received a loan on property which he was not

the owner of. Sheriff of Woodbury County, Iowa, holds a warrant for this man on this charge. Smith is a colored man, 35 to 40 years of age, 5 feet 10 inches in height, 185 to 190 pounds in weight, black hair, dark eyes, good appearance, uses good English and is fairly educated. He claims to own cattle at Sargent Bluffs, Ia.

E. D. RITTER cashed two forged checks at a member institution in Portland, Ore., during the past month. He is 30 years of age, 5 feet 7 inches in height, 165 pounds in weight, medium build, brown hair, smooth shaven. Below is a specimen of his handwriting. The Oregon Bankers' Association is co-operating with this Association in an endeavor to bring about the apprehension of this man.

E. D. Ritter

We have to report the continued operations of EDWARD ROSE, who has also used the names Edward Ross, Edward Morse and Edward Morris. Leaving St. Louis, Mo., Rose was next heard of from Cincinnati, O., then Toledo, Denver, Long Beach, Cal.; Los Angeles, San Francisco, El Paso, Tex., Kansas City, Chicago, Trenton, N. J., and Philadelphia. At all of these places this operator passed numerous worthless checks. He invariably succeeds in some manner or other to get himself introduced at the bank by a customer, and after this he experiences little trouble in having his checks cashed. Specimen of his handwriting appears below. See JOURNAL-BULLETIN for April, 1915, page, 821.

Edward Morris

NORMAN E. STOVER, a representative of a film exchange, forged the name of his employer to a check which he cashed in Lorain, O., and on which a member was later defrauded. It is known that Stover recently lived in Mogadore, O., but an investigation proved that he had left this place. He is 21 years of age, 5 feet 8 inches in height, 185 pounds in weight, light brown hair, heavy build, light complexion, smooth shaven.

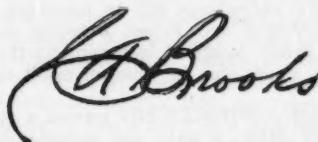
JAMES J. SULLIVAN, who formerly conducted a poolroom at Handley, W. Va., passed a bogus check upon a member bank in Parkersburg, W. Va., during December, 1914. This check was drawn upon a member bank at Charleston, W. Va., in which town Sullivan is acquainted. It has been ascertained that Sullivan has been living under an alias for a considerable time, and his true identity has been determined. His home address has also been ascertained and it is believed that his arrest will occur shortly.

ADA TAWBER, under the name of Jane Smith, defrauded a member in Portland, Ore., by means of a worthless check for \$40, drawn on a bank in Chicago, Ill. This check was examined by our representatives, who immediately advised the member of the past operations of this woman. See JOURNAL-BULLETINS, October, 1914, page 227; November, 1914, page 320; December, 1914, page 405; February, 1915, page 591;

BULLETIN OF THE AMERICAN INSTITUTE OF BANKING

March, 1915, page 728. The Oregon Bankers Association is co-operating with this Association in an endeavor to bring about the apprehension of this operator.

BOB WHITE, also known as R. J. Cunningham and J. D. Ross, recently operated in Houston, Tex., at which place he cashed a forged cashier's check at a clothing house. A member at St. Joseph, Mo., on whom this check was drawn, is the loser through the transaction. White is 23 years of age, 5 feet 7 or 8 inches in height, 130 to 135 pounds in weight, medium complexion, dark brown hair, smooth shaven, slender build, neat dresser. A sample of White's handwriting is shown below.



GENERAL INFORMATION.

GEORGE BALY was recently arrested by the Brooklyn (N. Y.) police and held in \$1,000 bond on a charge of stealing checks from Peter Henderson Company, of New York City, and forging the names of the company's officials to same. Baly is a machinist by occupation, 44 years of age, 5 feet 11 inches in height, 180 to 190 pounds in weight, light brown hair, medium brown mustache. Baly admitted his guilt when arrested, and inquired, "What is a man to do when he is out of work?"

C. A. LACK has defrauded a merchant in Denver, Col., by means of a bogus check drawn on the First National Bank of Los Angeles, Cal., dated March 11, 1915, made payable to C. A. Black, amount \$150, and signed W. W. Gray. Black has been identified as C. A.



CHARLES A. LACK.

Lack, recently paroled from the Colorado State Penitentiary, Canon City, Col. Photograph of this man is reproduced in connection with this article. He is 30 years of age, 5 feet 7 inches, 140 pounds, medium build, brown or hazel eyes, dark hair, dark complexion, smooth shaven, heavy drinker, thick lower lip.

STIEPER CARR recently defrauded an individual in Philadelphia by tendering a bogus check drawn on the Penn National Bank of that city. Carr is 55

years of age, 5 feet 10 $\frac{1}{4}$ inches, medium complexion, gray hair, collector by occupation.

H. W. CONKLING, whose photograph is reproduced above, recently passed a worthless check at a hotel in Kansas City, Mo., drawn on the Commonwealth National Bank, Kansas City, Mo. This operator is 25 or 30 years of age, 5 feet 9 inches in height, 150 pounds in weight, black hair, medium complexion, dark brown eyes, claims to represent a mercantile house in Concordia, Kan.

On March 15, 1915, R. H. DUNCAN, also known as Richard H. Duncan, was returned to Omaha, Neb., from Portland, Ore., where he had been arrested a few days previous and charged with having passed numerous worthless checks in different parts of this country. Early in the month of December, 1914, this man went into the town of Rolla, Mo., and calling at the School of



H. W. CONKLING.

Mines, stated that he was the son of G. A. Duncan, a former student and graduate of the school. He was very kindly received by the members of the faculty and finally succeeded in having the registrar introduce him at the bank in order that he might secure cash on a check drawn on the U. S. Mortgage and Trust Company of New York City. This was done and Duncan secured \$400 in currency, after which he immediately left Rolla. His check was returned as worthless. He is 35 years of age, 5 feet 8 or 9 inches in height, 150 pounds in weight, medium build, light or sandy hair, light complexion and hazel eyes. He at times claimed to be a representative of the American Smelting and Refining Company.

O. R. FARRAR recently defrauded a hotel in New York City by passing a worthless check upon them, which check was drawn on the Citizens Trust and Savings Bank, Columbus, O. Farrar tendered this check in payment of his hotel bill.

DANIEL FIORELLA recently forged the name of his father to three checks and then cashed them at a member bank in Philadelphia, Pa. He still has three stolen checks in his possession. He is 19 years of age, 5 feet 5 inches tall, 130 pounds in weight, dark complexion, black hair, Italian descent.

G. W. FRESHER, known as George W. Fisher, recently passed a number of bogus drafts at different points in the State of Iowa, which drafts were drawn on a bank in Bunker Hill, Kan. No description has as yet been obtained of this man.

W. H. GAINES recently passed a number of bogus checks on merchants in Albuquerque, N. M., and a warrant is now held for his arrest by the Chief of Police of that place. This man is 28 years of age, 5 feet 7 or 8 inches in height, about 140 pounds in weight, florid complexion, smooth shaven, even, white teeth, gold fillings, wears eyeglasses, heavy lenses. Claims to have formerly resided in Wheeling, W. Va., and Pittsburgh, Pa.; is an attorney by occupation.

H. W. GATES succeeded in defrauding several merchants of Fort Wayne, Ind., by means of worthless checks drawn on the Old National Bank of Fort Wayne. These checks were usually \$15 in amount. He is 27 or 28 years of age, 5 feet 7 or 8 inches, 140 pounds, appearance of a laboring man, one of his hands either deformed or has several fingers missing. A warrant for this man's arrest is in the hands of Chief of Police Charles F. Lenz, Fort Wayne, Ind.

J. D. GAY, known as Roy Taylor, J. G. McKinney and J. C. LeBlue, has recently been cashing bogus checks for small amounts in the vicinity of Lake Charles, La. All of his checks have been drawn on a member at Lake Charles. He is 23 years of age, 5 feet 5 inches in height, 140 pounds in weight, dark complexion, dark hair and eyes, smooth shaven, neat dresser, attired in a blue serge suit; nervous disposition.

NEEDHAM W. GORDON, 25 years of age, 5 feet 10 inches tall, 160 pounds in weight, light complexion, brown eyes, with slight cast; a piano salesman by occupation; is believed to have recently defrauded a member at Dyer, Tenn., by means of a forged note. The bank defrauded is desirous of causing the apprehension of Gordon.

E. S. GREENE recently prevailed upon the proprietor of a New York City restaurant to accept a check for \$30 in payment of a bill. This proprietor first met Greene about a month previous to this occurrence when Greene was soliciting advertising matter for a bowling association tournament to be held in New York City. The check was drawn on the Harriman National Bank of New York and when presented at that institution by the restaurant proprietor it was established that Greene was unknown at the bank and that his check was entirely bogus.

ZELBERT GOZA, 27 years of age, held up a member at Niles, Cal., on March 10th and shot down the cashier. However, he was later arrested by a citizens' posse and has agreed to plead guilty at the trial.

HATTIE HAIGHAN recently entered a drug store in West Hoboken, N. J., crossed to the counter and stated that she desired to purchase tooth brush and paste. These articles were brought forth for her approval, when she tendered in return for same a check drawn on the Highland Trust Company of West Hoboken, N. J., bearing the signature, John B. Droscher. The drug clerk took this check from her, glanced for a second at the maker's name, then stepped to another part of the store to telephone to the maker and find out if this check was genuine. A second later he returned to find Miss Haighan gone. It was then established that the check which she had left after her was a pure forgery.

EDWARD H. HARRISON, known as H. G. Dowling and H. M. Dixon, and who is mentioned in the April JOURNAL, page 823, was on March 23d sen-

tenced to serve one year in the Erie County Penitentiary at Buffalo, N. Y.

W. H. HUME, known as W. D. Elder, at one time a prominent banker and railroad man in Arkansas City, Kan., is wanted by a member at that place for embezzlement. Hume is 58 years of age, 5 feet 9 inches in height, 155 to 160 pounds in weight, medium build, fair complexion, blue-gray eyes, sandy hair, thin on top; smooth shaven when last seen, large nose, slightly receding chin, large ears, wears number 7 hat, small feet, wears number 6 shoe, right index finger off at first joint, deep voice, and has slight cough. A warrant for his arrest is in the hands of the Sheriff at Winfield, Kan. Any information received concerning this man's whereabouts will be thankfully received if communicated at once to our Detective Agents. Five hundred dollars is offered in reward for the arrest and detention of this man by those interested in his apprehension.

ADAM JANIESZEWSKI entered a member bank in Detroit, Mich., recently and presented his passbook on a Mohoney City (Pa.) bank, requesting the bookkeeper to advance him money on this book. On being refused, Janieszewski became angered and left the bank. A few moments later he returned and without warning drew an automatic pistol and shot the bank's manager, seriously wounding him. He then held up the bookkeeper and attempted to escape with several thousand dollars in currency, but in the struggle that followed he was overpowered and captured and then turned over to the police. He is a native of Russian Poland and came to the United States about two years ago.

WILLIAM JEFFERSON recently passed a bogus check, drawn on the Girard Trust Company of Philadelphia, Pa., on a customer of a member in Philadelphia. He is 35 years of age, 5 feet 5 inches tall, dark complexion.

JAMES M. KEEGAN, the man whose photograph is reproduced herewith, was arrested by the Baltimore (Md.) police authorities on April 13, 1915, on a charge of passing bogus checks and impersonating an army offi-



JAMES M. KEEGAN.

cer. At his examining trial he was held in \$1,000 bonds, and will in all probability be turned over to the Federal authorities. Keegan's criminal record dates back to the year 1906, when he deserted from the army and was shortly thereafter arrested on a charge of passing a

bogus check. The amount of this check being small, the civil authorities turned him over to the military authorities on the desertion charge, and he was sentenced to a term in a military prison. In 1910 he was again arrested in New York City on a charge of uttering a worthless check. He was given three months on Blackwells Island for this offense. He was released and again arrested on a charge of forgery and of stealing Government property from Governors Island. He was arrested in Philadelphia during 1912 on a fraudulent check charge and was sentenced to a term of two years in the Eastern Penitentiary. On his release in the fall of 1914 he immediately resumed his operations. He then assumed the name of Capt. Corydon G. Snow, a respected member of the Army Medical Corps, whose orderly Keegan had been for some time while in the service, and proceeded to pass bogus checks on various dealers in a number of cities, usually selecting book-sellers as his victims, buying sets of medical books. His arrest in Baltimore on April 13, 1915, was brought about by his attempting to pass a check at a book store where he had succeeded in passing one some months previous. He was not aware of this fact, as the book store had been moved to a new location between his visits. However, the clerk recognized him immediately and under a proper pretext arranged for Keegan to return later in the day. The police were notified and when Keegan returned for his purchase his arrest followed. He is 28 years of age, 5 feet 5 inches in height, 139 pounds in weight, dark complexion, dark eyes, slate blue in color; dark chestnut hair; nativity, Georgia. Bertillon measurements: 65.4, 63, 89.8, 19.7, 15.0, 13.3, 6.3, 23.7, 10.5, 8.0, 43.0. Small scar on forearm, pitted scar on right cheek. He is also known under the following names: James M. Kingan, Jackson K. Egerton, Arthur J. Cosgrove, Capt. C. G. Snow, Capt. Corydon G. Snow, Lieut. C. B. Hodges, etc.

E. A. LESS has defrauded a merchant at Denver, Col., by means of a bogus check drawn on the Monaghan & Murphy Bank, dated Needles, Cal., made payable to the order of A. Armstrong. This man sometimes goes under the name of J. P. VanKirk. He is 45 years of age, 5 feet 11 inches in height, 170 pounds, medium build, florid complexion, blue eyes, blonde hair, smooth shaven, wears glasses, tan shoes and tan cravenette.

GEORGE G. LESSARD, known as George G. Carroll and George Girard, who defrauded numerous individuals throughout the New England States by means of bogus checks drawn on the United States Trust Company of Boston, Mass., was arrested in Bangor, Me., on March 20, 1915, and returned to Manchester, N. H., where he will answer to four counts of obtaining money under false pretenses. He is 27 years of age, 5 feet 8 inches in height, 140 pounds in weight, slim build, light complexion, light brown hair, light brown eyes, brown mustache.

F. C. MCKITTRICK, known as George Adams, succeeded in defrauding a merchant in Buffalo, N. Y., by means of a forged certified check. He is 40 to 45 years of age, 5 feet 6 inches in height, 160 pounds in weight, stout build, dark complexion, brown eyes, dark chestnut hair.

W. E. MECHEM recently cashed a bogus draft in Baton Rouge, La., the same being later handled for collection by a member of that city. This draft was drawn

on a member of Canton, O., and signed W. C. Danforth, Field Superintendent. It bore the memorandum on its face: "In lieu of expense check January 23 to 30, 1915." Mechem hails from Barnesville, O. He stated while in Baton Rouge that he was "scouting" for the Standard Oil Company. He is 5 feet 6 inches in height, 140 pounds in weight, smooth shaven, one gold tooth in front of mouth. His baggage consisted of only a small hand-bag.

MARTIN MORAVIK, who has used the names Abraham Nelson and Franklin Simon, an account of whose operations appears in the BULLETIN for April, 1915, page 823, was arrested early in April, 1915, near Bound Brook, N. J., and confined in the jail at South River, N. J. He was a passenger on the Lehigh Valley Railroad and was recognized by a New Brunswick (N. J.) merchant upon whom he had passed several bogus checks, and who immediately caused his arrest. At this writing he is confined in the jail at South River.

MARY H. MORTIMER, known as Millie Mortimer, recently cashed two forged checks on member banks in Philadelphia, Pa. The banks later recovered the amounts of the checks. This woman is 46 years of age, 5 feet 2 inches in height, 115 pounds in weight, slender build, dark brown hair, dark eyes.

CHECK SWINDLER IN COLORADO.—The name of S. E. Porter, a respected and prominent citizen of Pueblo, Col., is being used by an operator who is passing out bogus checks drawn on the personal check of the Pueblo Foundry and Machine Company, Pueblo, Col. Seven different merchants in Denver have been put to loss by the acceptance of this swindler's checks. He is 38 years of age, 5 feet 9 inches in height, 160 pounds in weight, brown hair, brown eyes, dark, swarthy complexion, sharp features, smooth shaven.

JOE SOGN has defrauded a member of the Iowa Bankers Association located at Hawarden, Ia., by means of a mortgage swindle in the amount of \$1,200. The above-named association is at this time conducting an investigation in the interests of this case.

JOHN B. SPENCER recently stole four checks from his employer's checkbook and disappeared from Philadelphia, Pa., where he was employed. He later cashed one of these checks in Brooklyn, N. Y., bearing a forged signature. He is 35 years of age, 5 feet 7 inches, 145 pounds, sandy hair, smooth shaven.

LAURA SWISHER recently operated against a member of the Iowa Bankers Association at Leon, Ia., by passing a bogus check for \$43 upon them. No description is obtainable of this woman at this writing. The Iowa Bankers Association is endeavoring to bring about her apprehension.

W. B. WILSON.—Various offices of our Detective Representatives have been advised by members of the renewed operations of W. B. WILSON, who was arrested and released at Los Angeles, Cal., December 9, 1914. On March 3d Wilson passed a worthless check for a small amount in Detroit, Mich., drawn on the Scandinavian-American Bank of Portland, Ore. On March 8th he made his appearance in Fort Worth, Tex., where he defrauded a friend with a \$50 worthless check. On March 11th he swindled two hotels at San Antonio, Tex., and a month later passed a check in East St. Louis, Ill. There is at this time a warrant

in the hands of the police at Chicago, Ill., charging him with con game and swindling by bogus checks. This man's operations have thus far been confined against individuals or hotels, but his apparent successes may encourage him sufficiently to further his operations against banks. See JOURNAL-BULLETIN for January, 1915, page 504.

ALBERT C. WINE.—A member at Union Bridge, Md., advises that on March 28, 1915, a young man by the name of ALBERT C. WINE, who at one time lived in the immediate neighborhood, presented his personal check on the Peoples National Bank of Denton, Md., for payment. They accommodated him by cashing this check and later it was returned to them proclaiming itself entirely bogus. Wine has not been seen since this occurrence. He is believed to be a representative of a calendar concern, and the only description that has been obtained of him is that he is of medium height, dark hair, dark eyes and thick lips.

ARRESTED.

IRA AVENT, a negro, recently succeeded in defrauding a member at Kansas City, Mo., by means of a forged check. An investigation by our representatives established Avent's whereabouts and on March 25th an officer from the local police department was dispatched to make the arrest. The sentence that this man must serve for this offense is made mention of in another column of this issue. Avent is 21 to 22 years of age, 5 feet 4 inches, 135 to 140 pounds, dark complexion, dark eyes, sharp features, porter by occupation.

WILLIAM S. BECK on March 25, 1915, was returned to St. Paul, Minn., from Spirit Lake, Ia., where he was arrested on March 23, 1915. Beck admitted that he had recently attempted to defraud two members of St. Paul, Minn., by sending them forged letters requesting that they forward cashiers' drafts to him. He is 23 years of age, 5 feet 4½ inches, 122 pounds, sallow complexion, born in New York, clerk by occupation.

J. M. BECKER put a member at Los Angeles, Cal., to loss recently by having them accept from him a worthless check drawn on a Fruitvale (Cal.) bank. An investigation by our representatives was immediately made, which resulted in the arrest of Becker on March 27th, two days after the swindle was reported. It was learned that this man is also wanted by others in the city of Los Angeles and its vicinity on charges of passing worthless checks. The California Bankers Association co-operated with this Association in the endeavors to cause Becker's apprehension.

E. L. BLESSING, who has used the names Roy A. Agnew and N. E. Lacass, attempted to defraud a member in Kansas City, Mo., on March 26th by presenting a bogus check drawn on a bank in Liberty, Mo. He aroused the suspicions of the bank's officials and they requested that he return later in the day and they would cash the check for him, provided he would secure some reliable endorser. After Blessing had left, this bank called the bank at Liberty on the wire and ascertained that this party had recently deposited with them a bogus draft in the sum of \$2,100. Our representatives were called into this matter and when Blessing returned later in the day for his money he was placed

under arrest. He was taken to Liberty, where he is at the present time awaiting trial. He is 22 years of age, 5 feet 10 inches in height, 130 pounds in weight, slender build, dark hair, smooth shaven, brown eyes, dark complexion.

SAM BOZANKE was arrested during the past month at Parker, S. D., on the charge of having defrauded a member of that place with worthless checks; he is also accused of having obtained money on stolen property. Bozanke is 21 years of age, 5 feet 10 inches in height, 160 pounds in weight, large frame, dark complexion. The North Dakota Bankers Association was interested with this Association in the endeavor to bring about this man's arrest.

HARRY CHANDLER was recently arrested by the authorities at Omaha, Neb., at the request of our Des Moines correspondent. On March 26th Chandler was returned to Des Moines to stand trial for having defrauded a member of that place by passing a bogus check upon them. The Iowa Bankers Association co-operated with this Association in this matter.

A. C. COLE, who has used the names H. Hall, Fred Larsen, Fred Larson, H. R. Ryan, John Putney, G. Carney, J. A. White, A. C. Buck, O. Howard, A. Groves, Lewis Smith, J. A. Brown, F. Fleming, M. White, S. Scott, A. C. Arnold, etc., was arrested in the city of Houston, Tex., by the local police on March 18, 1915. This arrest was brought about on information furnished by our representatives. Under the title, "Preparations for Wholesale Swindling Nipped in Bud," there is a full account given of the facts surrounding the arrest of this professional swindler.

W. W. COLLAR, 45 to 50 years of age, 5 feet 11 inches tall, 165 pounds, light hair, light eyes, light complexion, light mustache, square jaw, a farmer and laborer by occupation, recently defrauded a member in Heavener, Okla., by selling mortgaged property. On March 20th, at Muskogee, Okla., this man was arrested by our representatives, assisted by the local police. He was returned to Heavener and is at this time awaiting trial for this offense.

W. R. DEAN, aliases mentioned below, was on March 26, 1915, arrested in the city of Birmingham, Ala., by our representatives and the local police and charged with having passed seven forged checks in Atlanta, Ga., wherein a member of that city was forced to suffer. Dean agreed to return to Atlanta without extradition papers. He is 21 years of age, 5 feet 8 inches, 140 pounds, medium build, sallow complexion, brown eyes, dark hair, smooth shaven, neat appearance. He has used the names "Terry," L. M. Brown, L. Monroe, J. L. Moffit, L. L. Mauck, Jesse B. Lewis and L. M. Torrey.

H. H. DUNHAM, known as H. H. Durman, who defrauded a member at Ames, Ia., by means of a forged check, was arrested at Utica, N. Y., by the local police and will be returned to Covington, Ky., for trial. The sheriff of Story County, Iowa, who holds the warrant issued at Ames, has requested that the prisoner be turned over to him. Dunham, however, is wanted at Covington for impersonating an officer of the Department of Education of the United States. He is shown in the JOURNAL-BULLETIN, March, 1915, page 730. The Iowa bankers co-operated with this Association in this case.

ROLLIE EMMONS, in the month of October, 1914, succeeded in defrauding a member at Jenkins, Ky. On April 18, 1915, he was apprehended by a representative of our Detective Agents, assisted by the Police Department at Newport, Ky. He was returned to Jenkins for trial. An account of his operations is shown in the JOURNAL-BULLETIN of November, 1914, page 311.

A. H. FORBUSH, known as A. H. Daniels, A. M. Chambers and A. H. Davis, defrauded a member at Brinkley, Ark., in the month of November, 1913, through the medium of a worthless draft. An investigation at this time was made, but the whereabouts of this operator was not determined. On April 5, 1915, the captain of the Boston (Mass.) Police Department advised our Boston representatives that he had effected the arrest of Forbush, realizing that he was the man mentioned in JOURNAL article under this name appearing in the December, 1913, issue, page 440. Forbush was held pending further advice.

MAX FRANK was arrested in New York City on April 14, 1915, and charged with being an active member of a gang of forgers who have put New York banks to the loss of thousands of dollars in the past few years. The sentence that this man must serve for being implicated in these deals is made mention of in another column of this issue.

DELLA HAYES, known as Della Washington and Mrs. Cloyd Hayes, was arrested in Detroit, Mich., by the local police on April 10, 1915, on a charge of having defrauded a member in Mishawaka, Ind. She agreed to return to Mishawaka without extradition papers. This woman is a negress, 25 years of age, 5 feet 6 inches, 130 pounds, good build, tint of red in her hair, might easily pass for a deeply colored white woman.

A. B. HOLLOWAY, also known as F. M. Holloway, was arrested in Philadelphia, Pa., on March 31, 1915, by our representatives and the local police and charged with having defrauded a member at Kansas City, Mo., to the extent of \$90. He was later returned to Kansas City and is at the present time held awaiting trial on this charge.

CLAUDE HOWARD, known as Willard O. Wallace, C. K. Hitchcox and S. H. Conrad, passer of forged drafts, was arrested in the city of Boston, Mass., on March 29, 1915, and charged with having swindled numerous banks in New Orleans, San Francisco, New York and Evansville. See JOURNAL, February, 1915, page 588.

CECIL JESSON, known as Cecil Smith and George Parker, who recently defrauded a bank member at Carrizozo, N. M., was arrested in French, N. M., on March 30, 1915, and has been returned to Carrizozo for trial.

EARL KISMAY was on March 24, 1915, arrested by the police of Portland, Ore. The charge upon which he was arrested was considered a weak one and Kismay was to be released. However, our representatives went further into the matter and positively identified Kismay as being Earl B. Kisby, who had defrauded a member in Portland by forgery, and a member in Pendleton, Ore., by a forged endorsement during November, 1914. Kismay later admitted that he was guilty of these forgeries. He is 18 years of age, 5 feet 9 inches, 155 pounds, blonde hair, light complexion, freckled face. The Oregon Bankers Association is co-operating with this Association in the prosecution of this case.

MORRIS LUBIN, JACOB LUBIN and JACOB GOLDMAN were recently taken into custody by the authorities and charged with being the leaders of a gang of forgers who have operated over this country in the past few years and through whom banks have been forced to suffer the loss of many a dollar. We have written a special article relative to the operations of these men and titled same, "Ideal Feather C Company," which appears in an earlier column of this issue.

JOHN OSWALD, known as G. B. Miller, H. B. Miller, H. P. Seeman, H. B. Harris and Rosenberg, called at a bank in Woodbury, N. J., on March 23, 1915, and presented a check to the paying teller, who insisted he be identified. Oswald left the bank. At this time the paying teller referred to a warning circular which had been supplied by our detective agents, and was strongly impressed with the fact that the man who had just approached him bore a good resemblance to the man described in the circular. With this in mind, this official went to the Mayor's office and was sworn in as a special officer. Later in that day he arrested Oswald in the streets. This operator has passed bogus checks at Egg Harbor, Ridgewood, Plainfield and Camden, N. J., also at Amityville, Auburn, Buffalo and Canandaigua, N. Y. He is 40 years of age, 5 feet 8 or 9 inches, 230 pounds, stocky build, sandy complexion, blue eyes, smooth shaven, reported in JOURNAL-BULLETIN January, 1915, page 499.

H. OUTMAN swindled a member in Kansas City, Mo., recently through the medium of forged checks. On April 19th, assisted by the police of Kansas City, our Detective Agents caused the arrest of Outman. He immediately made a written confession and is at the present time held awaiting trial.

HENRY STARR.—On March 27th a member at Stroud, Okla., was entered by three robbers, who compelled the officials and employees to place all the currency into a sack which they carried. While this was being



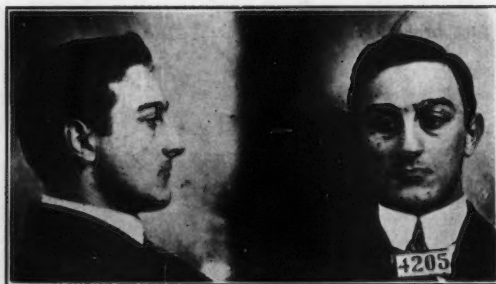
HENRY STARR.

done a member a block distant was simultaneously held up by three other robbers, who shouted like demands for money while they leveled their loaded guns to enforce their orders. The officials of these banks were then told to carry the money to the stock yards, nearby. This was done, and here the robbers took to their

horses with the money in their possession and endeavored to flee from the neighborhood. But a fight ensued. The citizens had gathered and strove to prevent the getaway of the hold-up men. In the duel HENRY STARR, well-known bandit, was shot and captured, along with his pal, LOUIS ESTES. Later CHARLES H. JOHNSON, of Okeesa, was arrested by the Sheriff at Pawhuska, Okla., and charged with having been implicated in this hold-up. One CLAUDE SAWYER was next arrested at McAlester, Okla., and A. G. MAXFIELD, alias Bud Maxfield, was arrested by Sheriff Wooley, of Tulsa, Okla. The other two men connected with this robbery have not been captured to date. We reproduce a photograph of Henry Starr in reference to this article.

WILLIAM VANDERLIP has been identified by a member at Park Rapids, Minn., whom he defrauded in January, 1914, by means of forged notes. Sheriff Rasmussen, of Stanton, Mich., brought about the arrest of G. W. Vanderlip, whence this member advised that he was none other than the man guilty of the offenses above stated. There are other warrants held for this man's arrest in the city of Minnesota. See January, 1914, JOURNAL-BULLETIN, page 518.

STEPHEN A. WICK, also known as Judson R. Osborne and J. Osborne Stuart, was arrested by the police authorities of St. Paul, Minn., on April 17, 1915, on a charge of impersonating a Federal Officer. Our representatives advise that this man is wanted by a member at Lakeview, Ohio, on the charge of having passed a bogus check for \$500. Also that members in Flint, Mich., and Bellefontaine, Ohio, have been defrauded by this man. It is stated that he has made



STEPHEN A. WICK.

it a specialty of marrying the daughters of rich and prominent men and shortly after the marriage ceremonies disappearing with such jewelry or articles of value that he can dispose of. We reproduce a photograph of this man in connection with this article. He is 27 years of age, 5 feet 6½ inches, 165 pounds in weight, slim build, dark brown hair, hazel eyes, sallow complexion, born in Buffalo, N. Y., clerk by occupation. Has served time in the Erie County Penitentiary during the years 1912 and 1913 on the charge of having negotiated worthless checks.

RAY PEARL has recently succeeded in defrauding members at Woodburn and Brownsville, Ore., by means of bogus checks, drawn on a member at Albany, Ore. The Portland office of our representatives, co-operated with the Sheriff at Albany, and on April 16, 1915, the

Sheriff affected the arrest of Pearl at Santiam, Ore. He was returned to Albany, Ore., where he is now awaiting trial. He is 40 years of age, 5 feet 6 inches, 175 pounds, dark complexion, dark hair, graying, coarse features, occupation stationary engineer. The Oregon Bankers Association is co-operating with this Association in the prosecution of this case.

PLUMA SHOCKEY, who defrauded a member at Buffalo, Kan., by means of a forged check, has been arrested in Alamosa, Col., and returned to Buffalo for trial.

CONVICTED.

IRA AVENT on March 26th pleaded guilty to the charge of forgery and was sentenced to two years in the Missouri State Penitentiary at Jefferson City, Mo.

HOOD BALDWIN and his brother, JAMES BALDWIN, were convicted on April 7th and sentenced to serve seven years in the Arkansas Penitentiary, but are at the present time out on bond, awaiting an appeal.

WILLIAM S. BECK, arrest reported elsewhere in this issue, was on April 9, 1915, sentenced to serve sixty days in the Ramsey County Jail at St. Paul, Minn.

A. B. COOK, alias A. B. Cunningham, on March 21, 1915, pleaded guilty and was sentenced to a term of from one to five years in the Oregon State Penitentiary, at which institution he was received on March 27, 1915.

JOHN DRAPER recently entered a plea of guilty on a charge of holding up a member at Cincinnati, Ohio, and was sentenced to serve an indeterminate term at the Ohio State Penitentiary.

MAX FRANK, arrested in New York City on April 14, 1914, was sentenced recently to serve five years in Sing Sing Prison.

RAYMOND GREEN, known as Raymond Benedict and Ray Benedict, was on April 9th sentenced to two months in the Ramsey County Jail at St. Paul, Minn. This is on the charge of having used the mails to defraud.

ROBERT HICKS pleaded guilty to second degree forgery and was sentenced to two years in the Missouri State Penitentiary at Jefferson City, Mo.

J. R. HULSE was on April 17, 1915, sentenced to serve from two to three years in the Colorado State Penitentiary.

EARL KISMAY, alias Earl Kisby, arrest reported elsewhere in this issue, on March 25, 1915, pleaded guilty to the forgery charges against him. On account of his youthfulness he was immediately paroled.

HOWARD S. LEIGH, on April 7th, pleaded guilty to the charge of forgery and was sentenced to five years in the Missouri State Penitentiary at Jefferson City, Mo.

JAKE LUBIN, arrest reported elsewhere in this issue, has been sentenced at Brooklyn, N. Y., to serve twenty years in Sing Sing Prison, but is delaying the execution of the sentence through legal processes.

C. S. PRATHER on March 15, 1915, pleaded guilty at Corvallis, Ore., and was sentenced to a term of from one to five years in the Oregon State Penitentiary, Salem, Ore.

E. B. ROGERS was on April 17, 1915, sentenced to serve from two to three years in the Colorado State Penitentiary.

JOSEPH ROGERS, alias Joseph Walsh, was on March 2, 1915, sentenced to serve one year in jail at Stamford, Conn.

ROY TOWELL, burglar, has been sentenced to a term of three years in the Booneville, Mo., Reform School. LAWRENCE BLACKWELL, accomplice, has been sentenced to three years in the penitentiary at Jefferson City, Mo.

RELEASED.

LAURA CATHERMAN on February 2d was declared insane by a jury in Kansas City, Mo., and was later taken to St. Joseph, Mo., State Insane Hospital No. 2, where she is at the present time incarcerated.

H. P. CIPPERLY has been dismissed from custody. The member bank of Beaver Falls, Pa., whom Cipperly succeeded in defrauding, considered it advisable to delay prosecution on account of certain extenuating circumstances connected with Cipperly's offense.

CARL HARDMAN was released owing to the fact the bank could not identify him. See JOURNAL-BULLETIN for October, 1914, page 234.

CLAUDE HOWARD, alias Willard O. Wallace, etc., whose arrest is reported elsewhere in this issue, committed suicide at Boston, Mass., by swallowing poison.

JAMES RILEY, alias James King, alias Clarence Ball, alias Clarence McCoy, is now wanted in St. Louis, Mo., for forgery and bond jumping. JOURNAL-BULLETIN for March, 1915, page 736.

AWAITING ACTION.

ALLEGED FORGERS AND SWINDLERS.

Andrews, Bob, swindle, Ramseur, N. C.
Bach, Edward, forgery, New York, N. Y.
Becker, J. M., swindle, Los Angeles, Cal.
Berry, Aurelia Mildred, forgery, New Orleans, La.
Bingemer, C. T., forgery, Tulsa, Okla.
Blass, Aline Davis, forgery, New York, N. Y.
Blessing, E. L., swindle, Kansas City, Mo.
Blount, Walter C., forgery, Holdenville, Okla.
Boisbert, Arthur, forgery, Pittsburgh, Pa.
Bouchea, Benjamin, swindle, Philadelphia, Pa.
Bozanke, Sam, swindle, Parker, S. D.
Braun, F. A., forgery, San Antonio, Tex.
Bremer, Robert L., forgery, Birmingham, Ala.
Bullen, G. Charles, Los Angeles, Cal.
Bundy, H. C., forgery, San Francisco, Cal.
Bush, J. A., forgery, Wenatchee, Wash.
Campbell, H. E., forgery, Sunbury, Pa.
Camus, William L., forgery, New Orleans, La.
Chandler, Harry, swindle, Des Moines, Ia.
Clark, E. G., swindle, Biddeford, Me.
Cole, A. C., swindle, Houston, Tex.
Collar, W. W., swindle, Heavener, Okla.
Cooper, C. S., swindle, Cordell, Okla.
Cox, Charles, forgery, Bellhaven, N. C.
Curtis, Edwin A., forgery, Stryker, Ohio.
Cuyler, W. G., forgery, Chillicothe, Mo.
Daniels, J. A., forgery, Stuart, Fla.
Dean, W. R., forgery, Atlanta, Ga.
Dunham, H. H., forgery, Ames, Iowa.
Early, Milton, swindle, Clairon, Pa.

Easterday, Dr. Ray, swindle, Billings, Mont.
Emmons, Rollie, forgery, Jenkins, Ky.
Farlow, A. P., forgery, Columbia, S. C.
Forbush, A. H., swindle, Brinkley, Ark.
Freeman, John, forgery, Haverhill, Mass.
Frich, Tona, forgery, Choteau, Mont.
Fuentes, Frank San Elmo, forgery, Philadelphia, Pa.
Geyer, Henry, forgery, Mount Vernon, Iowa.
Goldman, Jacob, forgery, New York City, N. Y.
Gustavus, Peter W., swindle, Fresno, Cal.
Hannay, George, forgery, San Francisco, Cal.
Harman, Olin, forgery, Salem, W. Va.
Hartley, Louis W., forgery, Stevens Point, Wis.
Hayes, Della, swindle, Mishawaka, Ind.
Heild, Jessie, swindle, New York, N. Y.
Holloway, A. B., swindle, Kansas City, Mo.
Howard, John A., forgery, Burlington, Vt.
Jesson, Cecil, swindle, Carrizozo, N. Mex.
Johnson, C. H., forgery, Albuquerque, N. Mex.
Kelly, Robert M., swindle, Bishopville, S. C.
Kirlin, Loretta, forgery, Annapolis, Md.
Kovorian, Leon, forgery, Fresno, Cal.
Larson, John B., forgery, Juneau, Alaska.
Leonard, Jim A., swindle, Lewellen, Neb.
Lubin, Morris, forgery, New York, N. Y.
Lucas, R. Emmet, swindle, San Pedro, Cal.
McDuffy, John, forgery, Twinsburg, Ohio.
McKellop, Tom, swindle, Holdenville, Okla.
McKellop, William, swindle, Holdenville, Okla.
McKinley, Maynard, forgery, Idabel, Okla.
Massey, W. B., forgery, Blytheville, Ark.
Moycenovec, Steve, swindle, Cleveland, Ohio.
Norwood, H. W., forgery, Cumberland, Md.
Oswald, John, swindle, Buffalo, N. Y.
Outman, H., swindle, Kansas City, Mo.
Parmeter, Oren, swindle, Albion, Ind.
Pearl, Ray, swindle, Woodburn, Ore.
Posselt, Charles A., forgery, Worcester, Mass.
Powell, Frank E., forgery, Laconia, N. H.
Quigley, Quentin, forgery, Watertown, S. D.
Richason, M., swindle, Kansas City, Mo.
Riche, A. L., swindle, Boston, Mass.
Rogers, C. R., forgery, Cordele, Ga.
Rossman, George P., swindle, Portland, Ore.
Rowland, William, forgery, Hartman, Ark.
Schmidt, Adolph, forgery, Chicago, Ill.
Scott, Harold, forgery, Washington, D. C.
Shockey, Pluma, forgery, Buffalo, Kan.
Smith, Clarence Clark, forgery, Tulsa, Okla.
Smith, D. K., swindle, Huntsville, Ala.
Smith, J. T., swindle, Purcell, Okla.
Smith, L. J., swindle, Laramie, Wyo.
Smith, R. P., forgery, Flat River, Mo.
Spencer, H. E., forgery, San Francisco, Cal.
Stevens, E. M., swindle, Millertown, Pa.
Stone, George, forgery, Lindsay, Cal.
Stone, Harry, forgery, Boston, Mass.
Stuart, Clarence B., forgery, Houston, Tex.
Sturgis, R. E., swindle, Jennings, La.
Sullivan, C. E., forgery, Ensley, Ala.
Vanderlip, William, forgery, Park Rapids, Minn.
Villanueva, Ramon, forgery, Sausalito, Cal.
Vojvodic, Kajo, forgery, Choteau, Mont.
Webster, Joseph Clifford, forgery, Kansas City, Mo.
Wheeler, Charles, forgery, Lockport, N. Y.

Wheeler, Nellie, forgery, Lockport, N. Y.
White, Della, forgery, Kansas City, Mo.
Wick, Stephen A., swindle, Lakeview, Ohio.
Wills, Joseph A., forgery, Atlantic City, N. J.
Wise, Tessie, forgery, San Francisco, Cal.

BURGLARS AND HOLD-UP ROBBERS.

Ashley, John, hold-up, Stuart, Fla.
Clark, Alonzo, hold-up, Teriton, Okla.
Dropp, B. W., attempted hold-up, Tacoma, Wash.
Edwards, Leo, hold-up, Salt Lake City, Utah.
Estes, Louis, hold-up, Stroud, Okla.
Gaczewski, Czeslow, hold-up, Lima, N. Y.
Hanson, Magnus, hold-up, Medicine Lake, Mont.
Heaton, Bert, hold-up, Bingham, Utah.
Hembree, Fred, burglary, Andale, Kan.
Howard, George F., burglary, Andale, Kan.
Johnson, Charles H., hold-up, Stroud, Okla.
Johnson, F. A., burglary, Sewanee, Tenn.
King, Alex, burglary, Lincoln, Ala.
Maxfield, A. G., hold-up, Stroud, Okla.
Pfeffer, Joe, burglary, Sewanee, Tenn.
Powells, John, burglary, Lincoln, Ala.
Sawyer, Claude, hold-up, Stroud, Okla.
Schapper, Peyton, burglary, Andale, Kan.
Somers, Frank, burglary, Sewanee, Tenn.
Spess, James, hold-up, Teriton, Okla.
Stanfield, Thomas, burglary, Andale, Kan.
Starr, Henry, hold-up, Stroud, Okla.

STATISTICS OF PROTECTIVE DEPARTMENT.

	Awaiting Trial, etc., September 1, 1914.	Arrested since September 1, 1914.	Arrests in April, 1915.	Total.	Convicted.	Discharged or Acquitted.	Escaped, Fugitive, Dead, or Insane.	Awaiting Trial.
Forgers.....	92	174	27	201	139	47	8	99
Burglars.....	..	17	..	17	6	1	..	10
Hold-up Rob- bers.....	3	18	5	23	9	2	2	13
Sneak Thieves	..	1	..	1	..	1	..	..
	95	210	32	242	154	51	10	122

RULES OF THE PROTECTIVE COMMITTEE.

1. Upon receipt of notification by the General Secretary, Five Nassau Street, New York City, or the nearest office or correspondent of the William J. Burns International Detective Agency, Inc., of an attempted or successful perpetration of fraud or crime upon a member of this Association in its banking rooms, or in the rooms of such branches as are members, either by forgery, check-raising, worthless or bogus checks, swindle, sneak theft, robbery, hold-up, or burglary therein, the Committee will at once use its best efforts to apprehend the criminal. No action, however, will be taken unless immediate notice is given, and a case once committed to the Association cannot be taken out of its hands nor the offense condoned or compromised. If for any reason whatsoever no prosecution takes place when the member is in a legal position to aid in the prosecution, and fails to do so, such member shall reimburse the Association for all expenses incurred in connection with the case reported.

2. In reporting cases the member agrees to swear out a warrant for the criminal concerned when his identity has been determined; or a John Doe warrant at once in States where permitted. The Committee relentlessly pursues both amateur and professional criminals in cases of attempted or successful fraud or crime upon members of the Association but cannot take cognizance of such offenses where perpetrated upon other than members, or of so-called "inside jobs" where the

offender is an officer or employee of a member. The Committee relies upon the State, county or local authorities to arrange for the extradition and the payment of expense incident to the return of a prisoner. The Committee will not pay witness fees, and will not be responsible for any expense incurred for protective work, which has not been previously authorized.

TAKE THIS PRECAUTION.

PUT A SCREWDRIVER AND WRENCH IN YOUR VAULT.

Our Detective Agents have to suggest to member banks, and particularly to member banks in the smaller cities and towns, that in the event of a daylight hold-up bank officials who have been locked in the vault by the robbers will find a screwdriver and a wrench a mighty handy thing to have when they get ready to unlock the vault from the inside, and the placing of these little tools in the vault to be used in case of emergency may save the lives of those locked in.

Numerous daylight hold-ups have occurred throughout the country during the past Winter, and in nearly every case the officials present in the bank at the time of the hold-up have been locked in the vault by the robbers and left to suffocate, unless released from the outside or unless the precaution suggested in the foregoing had been taken.

PROTECTIVE DEPARTMENT APPRECIATED.

Under date of March 17, 1915, we are in receipt of a letter addressed to the Protective Committee of this Association, which letter is written over the signature of the treasurer of a member bank at Beaver Falls, Pa. We quote it herewith: "We are pleased to note that L. M. Hunter is again in prison. This is the only way to handle such criminals, and if the members of the Association will give the Protective Department an opportunity of handling these cases much less trouble will be experienced by all. We know of cases in this vicinity where banks have been imposed upon for small amounts, no return of the case has been made to the Protective Department, the banks apparently preferring to avoid publicity, but such action is not right, as they really encourage the criminals to keep up small impositions upon the banks, which only means that their operations assume a larger amount as time goes by. Assuring you of our intention to aid you in every way possible in the above, we are."

A USE FOR COUNTERFEITS.

"Do you know where I can buy any counterfeit money?" inquired the man with a suit case.

"Are you looking for trouble?"

"No. But I'm against the tipping evil, and at the same time I want to go through the formalities and avoid being made uncomfortable by the waiters."—"Washington Star."

CONSOLATION.

"Man's finest work comes after fifty."

I like that line of dope.

It makes us all feel gay and nifty

And gives us hope.

—"Kansas City Journal,"

MEMBERSHIP CHANGES

Alabama	Birmingham	Jefferson County Savings Bank closed.
Arizona	Parker	Parker Bank & Trust Company closed.
Arkansas	Hickory Ridge	Bank of Hickory Ridge closed.
	Little Rock	Arkansas Savings Bank absorbed by Peoples Savings Bank.
California	Anderson	Bank of Anderson succeeded by First Savings Bank of Shasta County.
	Oakland	West Oakland Bank merged with First Savings Bank as First Savings Bank, West Oakland Branch.
	Pasadena	Crown City Savings & Trust Company changed to Crown City Trust & Savings Bank.
Colorado	Greeley	City National Bank consolidated with Union National Bank.
	Lafayette	Lafayette Bank & Trust Company closed.
	Louisville	Louisville Bank closed.
	Pueblo	Mercantile National Bank closed.
Connecticut	Danielson	Brooklyn Savings Bank now Brooklyn Savings Bank, East Brooklyn.
Florida	Arcadia	Commercial State Bank merged with De Soto National Bank.
	Monticello	Jefferson County State Bank closed.
Georgia	Atlanta	West End Bank changed to Bank of West End.
	East Point	Citizens Bank closed.
	Hephzibah	Bank of Hephzibah closed.
	Savannah	Savannah Trust Company changed to Chatham Bank & Trust Company.
	Sycamore	Bank of Sycamore closed.
	Whigham	Bank of Whigham closed.
	Whigham	Farmers State Bank closed.
Idaho	Hagerman	Farmers State Bank merged with First National Bank.
Illinois	Alto Pass	I. C. Lewis Bank closed.
	Chicago	P. Phillip Bank changed to Phillip State Bank.
	McHenry	Bank of McHenry succeeded by Hoy Banking Company.
	Woodhull	Farmers Bank closed.
Indiana	Burlington	Burlington Bank changed to Burlington State Bank.
	Hammond	East Side Trust & Savings Bank closed.
Iowa	Cedar Rapids	Commercial National Bank consolidated with Cedar Rapids National Bank.
	Newton	Banking House of D. L. Clark succeeded by Clark National Bank.
	Paton	City Bank of Paton succeeded by City Trust & Savings Bank.
	Sioux City	Sioux Bank succeeded by Sioux City Trust & Savings Bank.
Kentucky	Frankfort	Farmers Bank succeeded by Farmers Deposit Bank.
	Providence	Union National Bank closed.
Louisiana	Jeanerette	Bank of Jeanerette in liquidation.
	Ponchatoula	Ponchatoula State Bank merged with Merchants & Farmers Bank as Merchants & Farmers Bank & Trust Company.
Maryland	Baltimore	National Howard Bank merged with National Exchange Bank.
Massachusetts	Cambridge	Charles River National Bank succeeded by Charles River Trust Company.
Michigan	Midland	Peoples Savings Bank succeeded by Peoples Savings Bank of Midland County.
Minnesota	Spooner	Security State Bank now at Baudette, Minn.
Mississippi	Columbia	Citizens National Bank succeeded by Citizens Bank.
Missouri	Kansas City	Mercantile Bank merged with Commerce Trust Company.
	Princeton	Bank of Mercer County succeeded by Farmers Bank.
	St. Louis	Guardian Trust Company merged with American Trust Company.
Montana	Bridger	Bridger State Bank closed.
	Bridger	Farmers State Bank closed.
Nebraska	Decatur	Farmers & Merchants State Bank succeeded by Farmers State Bank.
	North Bend	National Bank of North Bend succeeded by First State Bank.
	Omaha	German-American State Bank consolidated with City National Bank.
New Jersey	Bloomsbury	Bloomsbury National Bank succeeded by Citizens National Bank.
	Jersey City	Jersey City Trust Company merged with Commercial Trust Company of New Jersey.
	Jersey City	Third National Bank merged with Commercial Trust Company of New Jersey.
New York	Beacon	First National Bank of Fishkill Landing, Fishkill-on-the-Hudson, succeeded by Fishkill National Bank.
North Dakota	McVie	Security Bank succeeded by First National Bank.
Ohio	Steubenville	Union Deposit Bank succeeded by Union Savings Bank & Trust Company.
Pennsylvania	Mount Morris	Farmers & Merchants National Bank closed.
	Philadelphia	First Mortgage Guarantee & Trust Company succeeded by Robert Morris Trust Company.
	Pittsburgh	Diamond Savings Bank consolidated with Diamond National Bank.
	Pittsburgh	Pittsburgh National Bank in liquidation.
	Tidoute	Tidoute Savings Bank succeeded by State Bank of Tidoute.
South Dakota	Blunt	Hughes County Bank closed.
	Crocker	Crocker State Bank closed.
	Watertown	Commercial Bank merged with Security National Bank.
Tennessee	Covington	Covington Savings Bank & Trust Company merged with Union Savings Bank.
	Nashville	Union Trust Company merged with State Bank & Trust Company.
	Rockwall	Citizens National Bank in liquidation.

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Texas	Columbus	Simpson Bank closed.
	Palacios	State Guaranty Bank & Trust Company succeeded by Palacios State Bank.
	Santa Anna	First State Bank & Trust Company changed to First State Bank.
	Waco	Farmers & Merchants State Bank in liquidation.
Virginia	Roanoke	City National Bank consolidated with National Exchange Bank.
Washington	Asotin	Baumeister, Vollmer & Scott succeeded by Baumeister, Vollmer & Scott Bank.
	Centralia	United States National Bank closed.
	Concrete	First Bank of Concrete changed to State Bank of Concrete.
	Ephrata	Ephrata State Bank merged with Grant County Bank.
	Glenwood	Charles R. Spencer Private Bank succeeded by Glenwood State Bank.
	Pine City	Wilmer, Dwyer & Stone succeeded by Pine City State Bank.
	Rockford	Coey Banking Company closed.
	Spokane	National Bank of Commerce merged with Exchange National Bank.
Wyoming	Charleston	National City Bank consolidated with Charleston National Bank.

NEW AND REGAINED MEMBERS FROM APRIL 1 TO 30, 1915, INCLUSIVE.

Arkansas	Blytheville	The Farmers Bank.
California	Atio Vista	First National Bank.
Colorado	Alamosa	Safety First State & Savings Bank.
	Denver	Silver State Bank.
	Springfield	First State Bank.
Florida	Lake Worth	Bank of Lake Worth.
Georgia	Colquitt	First National Bank (Regained).
Illinois	McClure	Bank of McClure.
	Media	Media State Bank (Regained).
Indiana	Elizabethtown	Farmers & Merchants Bank.
	Otterbein	Farmers & Merchants Bank.
Iowa	Ireton	Security Savings Bank.
	Pocahontas	Farmers Trust & Savings Bank.
Kansas	El Dorado	Farmers & Merchants National Bank.
Louisiana	Oberlin	Calcasieu State Bank.
Michigan	Redford	People's Bank.
	Trout Lake	State Bank of Trout Lake.
Minnesota	Adams	Farmers State Bank.
	Appleton	Farmers & Merchants State Bank.
	Chisholm	Chisholm State Bank.
	Minneapolis	Federal Reserve Bank of Minneapolis.
Mississippi	Schlater	Planters Bank.
Missouri	Caruthersville	Citizens Trust Co.
	Kansas City	Federal Reserve Bank of Kansas City.
	St. Joseph	Security Bank of St. Joseph.
	St. Louis	Federal Reserve Bank of St. Louis.
Montana	St. Ignatius	Mission State Bank.
Nebraska	Atkinson	First National Bank.
	O'Neill	First National Bank.
	Winnebago	State Bank of Winnebago.
New Jersey	South River	South River Trust Co.
New Mexico	Las Cruces	Farmers Trust & Savings Bank.
	Portales	First National Bank (Regained).
New York	Lacona	First National Bank.
	Lestershire	First National Bank.
	New York	Chelsea Exchange Bank, Harlem Branch.
	Olean	Exchange National Bank.
	Potsdam	Citizens National Bank.
North Carolina	Varina	Bank of Varina.
North Dakota	Havelock	Havelock State Bank.
	Oakdale	First State Bank of Killdeer.
Ohio	Cleveland	Federal Reserve Bank of Cleveland.
Oklahoma	Commerce	First National Bank.
	Norman	Security State Bank.
	Stuart	First National Bank.
Pennsylvania	Bedford	First National Bank.
Rhode Island	Providence	Phenix National Bank.
	Providence	E. A. Havens, Secretary Rhode Island Bankers Association.
South Carolina	Charleston	Germania National Bank.
South Dakota	Bryant	Bryant State Bank.
Tennessee	Moscow	Moscow Savings Bank.
Texas	Brownwood	Citizens National Bank.
	Dallas	Federal Reserve Bank of Dallas.
	Hamlin	First National Bank.
	Hereford	First State Bank and Trust Co.
	Irene	First National Bank.
	Mexia	Farmers State Bank.
	Mission	First National Bank.
	North Pleasanton	First State Bank.
	San Saba	San Saba National Bank.
	Waller	Guaranty State Bank.
Virginia	Richmond	Federal Reserve Bank of Richmond.
Washington	St. John	Farmers State Bank.
West Virginia	Huntington	Ohio Valley Bank.
Wisconsin	Luck	State Bank of Luck.





THE AMERICAN INSTITUTE OF BANKING

THE AMERICAN INSTITUTE OF BANKING Section of the American Bankers Association is devoted to the education of bankers in banking and the establishment and maintenance of a recognized standard of education by means of official examinations and the issuance of certificates of graduation. To qualify students for official examinations for Institute certificates, which are termed final examinations, the Institute provides a standard course of study in the form of serial text-books and collateral exercises. No additional text-literature is required. Such study course is divided into two parts. Part I is entitled "Banking and Finance." Part II is entitled "Commercial and Banking Law." The fact is recognized that average students get little benefit from text-books or lectures without collateral examinations. Text-literature and lectures are educational food. Examinations are the process of digestion. The mind as well as the body requires exercise, and the student who ducks or dodges examination is like the dyspeptic who bolts his food or the athlete who side-steps his training. The fact should be appreciated that examination is something more than measurement and certification. Students who realize that they are to be examined pay closer attention to their lessons. The process of examination also corrects omissions and misconceptions otherwise inevitable in any system of study. Examination is a fundamental necessity in practical education and not a scholastic superfluity, as some persons suppose or pretend to suppose. In suitable cities bank employees are organized in chapters for educational work in accordance with the class method of instruction. Students outside of city chapters are associated in the Correspondence Chapter and provided with instruction by mail. Chapter organization and education are thus made uniform and universal.

In correspondence instruction each student is supplied with the serial text-books and collateral exercises. The exercises in connection with each lesson are to be submitted to instructors whenever done. The work of students thus produced is corrected and returned with such criticisms and suggestions as may be helpful in each case. The correspondence method of study lacks the inspiration of social contact, but the personal relationship established between students and instructors stimulates ambition, and the fact that all lessons must be written insures thought and thoroughness. So far as actual acquirement of knowledge is concerned the advantages of the correspondence method of instruction fully offset its disadvantages. To individual students the cost of correspondence instruction thus provided, including text-books and all serial as well as final examinations, is \$15 for Part I pertaining to "Banking and Finance" and \$15 for Part II pertaining to "Commercial and Banking Law." Payment for each of the two parts may be made separately. One-third reduction from such rates is made to individual students who are employees of institutions that are members of the American Bankers Association. Correspondence Chapter students of average ability and industry should complete the course in "Banking and Finance" in about eight months and the course in "Commercial and Banking Law" in another eight months. Credit is given severally for final examinations successfully undergone, but Institute certificates are issued only to students who have passed final examinations in both "Banking and Finance" and "Commercial and Banking Law."

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